



# Food & Wine products with Geographical Indication

The european GI system, the italian model and the case of Aceto Balsamico di Modena PGI



*Qualivita has produced this work with the aim of providing a concise overview of the Geographical Indications system, highlighting its value both in economic terms and as a business model that can protect producers, consumers and territories of origin, within a regulatory framework that offers effective control tools.*

*The account of Aceto Balsamico di Modena PGI, demonstrates the success of a supply chain that best represents the valorisation of a high-quality product with roots and ancient traditions, but which saw business explode in just a few years, mainly thanks to the PGI recognition and promotion and protection in markets around the world.*

*Qualivita's objective is to disseminate knowledge on Geographical Indications, at a time when companies in countries where this rural development model it is less present are starting to take interest in it, with the conviction that Italian PDO PGI products can be a reference for creating quality agricultural models associated to European certifications.*

The Qualivita Foundation is a non-profit cultural and scientific organisation, established in 2002 to safeguard and valorise quality agri-food products and wines, in particular Italian PDO, PGI and TSG products.

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ministero delle  
politiche agricole  
alimentari e forestali

Recognised by the Italian Ministry of Agricultural, Food and Forestry Policies as an organisation with extensive scientific and technical experience, Qualivita specialises in targeted marketing and communications, projects, research and training to promote the agri-food sector.

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# INDEX

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Section <b>A</b>	<b>GEOGRAPHICAL INDICATIONS SYSTEM</b> A1. Typical Products and GIs A2. Quality in Europe A3. Geographical Indications	p. 4
Section <b>B</b>	<b>ITALIAN GEOGRAPHICAL INDICATIONS SYSTEM</b> B1. Overview of the Italian GI System B2. Registration of GI	p. 17
Section <b>C</b>	<b>GEOGRAPHICAL INDICATIONS STATISTICS</b> C1. Europe C2. Italy	p. 23
Section <b>D</b>	<b>LEGISLATION ON THE PROTECTION OF GEOGRAPHICAL INDICATIONS</b> D1. International Regulations D2. EU Regulations D3. New developments in protection	p. 32
Section <b>E</b>	<b>ACETO BALSAMICO DI MODENA PGI</b> E1. From balsamic vinegar to PGI E2. Statistics for Aceto Balsamico di Modena PGI E3. The Aceto Balsamico di Modena PGI Protection Consortium	p. 53
SWOT	<b>GEOGRAPHICAL INDICATIONS</b> STRENGTHS   WEAKNESSES   OPPORTUNITIES   THREATS	p. 70



Section  
**A**

# GEOGRAPHICAL INDICATIONS SYSTEM

## A1. Typical Products and GIs

1. Typical Products and Geographical Indication Products
2. GI Protection: collective mark VS trademark
3. Geographical Indications in the World and Organisations

## A2. Quality in Europe

1. European Agri-food Products
2. European regulations - Geographical Indications
3. European regulations - Other agri-food products

## A3. Geographical Indications

1. Geographical Indications for Food
  - 1.1 Registerable product categories for Food
2. Geographical Indications for Wine
  - 2.1 Registerable product categories for Wine
3. Geographical Indications for Spirits



## A1

## TYPICAL PRODUCTS AND GIs

## 1. TYPICAL PRODUCTS AND GEOGRAPHICAL INDICATION PRODUCTS

## Highlights

## TYPICAL PRODUCT

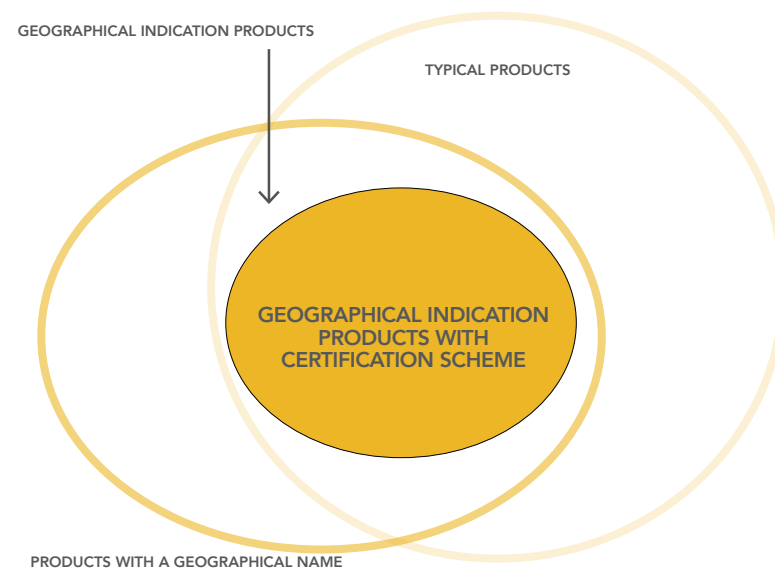
A typical food product is the result of a historical collective and localised process of accumulation of knowledge: It is a combination of specific territorial resources, both physical and anthropogenic, which create a strong, unique and irreproducible link with the territory of origin.

## GEOGRAPHICAL INDICATION

A Geographical Indication is the connection between a typical product and a geographical name, on the basis of which a protection mechanism is applicable to a product: it is therefore a distinctive mark that expresses this link and certifies it in the eyes of consumers.

**TYPICAL PRODUCT:** uses specific local **resources** in the reference area which define its quality and determine its relationship with the physical environment and the **culture** and **tradition** of the place of production - result of the evolution of work practices and of the ability to pass these on and innovate them over time. Finally, it is the result of a **collective process** and the interaction of the individuals in the area, from producers to the local population, who have confirmed its typicality in their eating habits and culinary traditions. A typical product is therefore characterised as the heritage of a community and the manifestation of territorial know-how.

**GEOGRAPHICAL INDICATION:** whereas a link with the territory based “on facts” exists for a **typical product**, implying “irreproducibility”, the name of a **product with a geographical name** indicates the production area, without necessarily implying exclusive ties to factors in the area. **Products with a Geographical Indication** are the intersection between typical products and products with a geographical name as a whole: they can benefit from a legally recognised protection scheme and one or more of their intrinsic (quality) or extrinsic (reputation) characteristics derive from the territory of origin.



## A1





## TYPICAL PRODUCTS AND GIs

## 2. GI PROTECTION: COLLECTIVE MARK VS TRADEMARK

Geographical Indications are protected as intellectual property rights. This protects them from **abuse and counterfeit** products which have a particular reputation and certain characteristics, thereby guaranteeing legal protection against imitations; it provides **consumers with tools** to distinguish Geographical Indication products from other similar products on the market; it preserves the **economic value** of Geographical Indication products, helping them to stay on the market; it promotes the preservation of an

area's **collective heritage** by preserving production methods and special raw materials.

As intellectual property rights, Geographical Indications differ from trademarks and have **sui generis** protection that comes directly from the EU regulation on quality systems.

	SUI GENERIS GIS	TRADEMARKS
	The geographical factor is essential for creating the qualitative difference of GIs.	No territorial limits.
	They are collective marks; all of the companies present within the area, and which respect the product specification, can request the GI.	They are owned by the individual that registers the trademark, which has exclusive right to use and license the use of the same.
	Not all marketing levers are managed by the individual companies. Promotion can also be entrusted to producers associations and Consortia.	All of the marketing levers are managed by the private company.
	Collective reputation; a company's economic performance depends on the actions of the other companies.	Reputation is merit of the individual company.



## ● The Value of Collective Brand

PerThe market affirmation of GI productions shows undoubtedly that there is much more value in the collective brand than in single brands.

If we focus on the Italian wine sector, for example, it is clear that Prosecco PDO, Chianti Classico PDO, Barolo PDO brands are more influential in the international markets than the single producers of respectively each supply chain. This is what is happening even in food sector, where the so-called “umbrella” brands get consumers consent all around the world easier than the commercial brands.

- This is what the 2016 “The most influential Brands” research, carried out by Ipsos Institute, shows. The study focused on the estimation of the most important international brands’ incidence on the Italians’ lifestyle by studying various analytics drivers. According to it, the top ten list of the most influential brands all around the world, include even the **Parmigiano Reggiano PDO**, the only brand among the multinational tech companies like Google, Amazon, Facebook and Microsoft which does not refer to a specific company but to a consortium.
- Yet in 2008, *Ernst & Young*, issued a value “certification” of the GIs collective brands, getting to be elaborating for the first time ever an economic evaluation on a PDO brand: the **Prosciutto di San Daniele PDO**. The estimation was carried out through the double method of: 1-the differential results (in order to evaluate the economic differential of the brand on the producers’ overall profitability ratio) and 2-the relief from royalties (in order to evaluate the economic benefit deriving from the brand’s ownership). According to this estimation the brand’s value was around € 200 million.

- The 2010 “ERI- Economic Reputation Index” project, carried out by the *Chamber of Commerce of Monza and Brianza* (Italy), calculates the estimation of the brand value of some Italian GIs, based on economic and image parameters such as food tourism flows, export value, market notoriety, intrinsic value in the production area: the results show an evaluation of over € 1 billion of GI brands like **Prosciutto di Parma PDO** (€ 2,3 billion), **Parmigiano Reggiano PDO** (€ 1,3 billion), **Grana Padano PDO** (€ 1,1 billion) and over half billion euro of **Prosciutto di San Daniele PDO** (€ 620 million), **Mortadella Bologna PGI** (€ 612 million), **Mozzarella di Bufala Campana PDO** (€ 580 million), **Gorgonzola PDO** (€ 511 million).
- Further evidence of brand’s value recognition can be found in the credit and financial institutions, which are more likely to accept stocks of PDO and PGI agrifood products as a loan guarantee on behalf of the sector operators. The most recent examples refer to the **Prosciutto di Parma PDO** Consortium and Crédit Agricole Cariparma Bank, which dealt in 2017 100.000 Parma hams for a € 10 million loan and the **Prosciutto di San Daniele PDO** Consortium and Friulovest Banca’s deal in 2016. This also happens in the dairy sector. According to a decree of the Ministry of Agriculture (“Official Journal”, August 12th 2016, n.188), it is allowed to produce aged cheese wheels as a guarantee to have a loan access. The Consortium of **Pecorino Romano PDO** and Banco di Sardegna Bank did apply it. Cases and examples like these, show that the brand value of the GIs is widely recognized also in the “real economy”.



FOCUS

## A1

## TYPICAL PRODUCTS AND GIs

## 3. GEOGRAPHICAL INDICATIONS IN THE WORLD AND ORGANISATIONS

Worldwide, it is estimated that there are over 10,000 GI products that could potentially be protected, more than those that are already officially protected.

COUNTRIES	GIs	COMPOSITION
European Union*	3275	1357 food products, 1579 wines, 339 spirits
USA	910	730 wines, 100 spirits, 80 food products
Switzerland	682	660 wines/spirits, 22 food products
New Zealand	600	550 wines/spirits, 50 food products
Australia	427	427 wines
China	403	23 wines/spirits and other products
Russia	223	33% food products
India**	238	69 food products
South Africa	174	169 wines, 5 spirits
Canada	109	59 wines/spirits, 50 food products
Turkey	107	50 % food, 50% wines/spirits and other products
Chile	82	80 wines/spirits, 2 food products
Cambodia	36	36 food and other products
Macedonia	25	25 wines
Cuba	19	19 other products
Morocco***	17	16 wines, 1 food product (Huile d'Argan PGI)
Japan	16	9 food products, 5 wines/ spirits, 2 other products
Mexico	11	11 wines/ spirits/food and other products
Thailand	10	10 food products
Georgia	10	8 wines, 2 other products

Source: International Trade Centre (ITC), Guide to Geographical Indications.

N.B. The following data have been updated and are different to those reported by the original source:

\* European Union: GIs updated in December 2016. Source: Qualivita Data Bank [www.qualivita.eu](http://www.qualivita.eu).

\*\* India: data updated in February 2016. Source: <http://ipindia.nic.in/girindia/>.

\*\*\*Morocco: updated with Huile d'Argan PGI, recognised in 2009.



**WTO:** World Trade Organisation, 160 Member States.



**WIPO:** World Intellectual Property Organization, 184 Member States. One of the specialised agencies of the United Nations, established in 1967 to encourage innovation and promote the protection of intellectual property throughout the world. Today it is made up of 184 Member States. Its general headquarters are in Switzerland (Geneva). Every two years, WIPO organises the International Symposium on Geographical Indications, in partnership with one of the Member States.



**FAO:** Food and Agriculture Organization of the United Nations, 191 Member States.



**UNCTAD:** United Nations Conference on Trade and Development, 194 Member States.





## A2

## QUALITY IN EUROPE

## 1. EUROPEAN AGRI-FOOD PRODUCTS

## Highlights

*The European Union turned its attention towards agri-food quality – which over time has become one of the pillars of the Common Agricultural Policy (CAP) – at the end of the 1980s, when the European Commission approved the Green Paper on the Future of Rural Society in 1988, focusing on the role of the agricultural world in terms of food quality and preservation of the environment and ecosystem. Over the following years, other important regulatory interventions have marked the gradual evolution of policies for EU quality, which today represent the most advanced protection and valorization scheme for the authenticity of quality agri-food products at international level.*

With the aim of protecting the consumer and guaranteeing the transparency of information and labelling, European agri-food products are subject to a wide range of legislations:

- **Food safety**, aimed at guaranteeing that products sold within the EU conform to sanitary-hygiene regulations.
- **Marketing**, which establish the minimum requirements that products must possess in order to be sold.
- **Labelling**, aimed at guaranteeing transparent and truthful information for consumers.
- **European Quality Schemes**, institutes which identify products that possess specific qualities in respect to other products in the same category.

European quality products must respect the restrictive product specifications/regulations - and they are subject to strict controls by third party bodies - which characterise them and make them clearly distinguishable. They can be protected with three different Quality Schemes that are disciplined by specific regulations (tab. 1), through which these products can be effectively protected and valorized:

- **As Geographical Indications** – including Traditional Specialities Guaranteed– recognised at EU level and based on regulations regarding PDO, PGI, TSG products;
- **With the Optional Quality Term “Mountain Product”** established at Community level.
- **As organic agricultural products**, also recognised at European level, based on a specific regulation.
- **With National Quality Schemes** recognised by single Member States.







## A2

## QUALITY IN EUROPE

## 2. EUROPEAN REGULATIONS - GEOGRAPHICAL INDICATIONS



## GEOGRAPHICAL INDICATIONS

	<p style="text-align: center;"><b>FOOD</b></p> <p>EC Reg. 2081 and 2082 of 1992 – Revoked;            EC Reg. 510/2006 – Revoked;            EC Reg. 509/2006 – Revoked;            EU Reg. 1151/2012 – Quality Package – in force.</p>
	<p style="text-align: center;"><b>WINE</b></p> <p>Presidential Decree 930/1963 superseded by Legislative Decree 164 of 1992, repealed and replaced by Legislative Decree 61/2010, now repealed and replaced by Law No. 238 of 12 December 2016.            EC Reg. 479/2008, now repealed;            EU Reg. 1308/2013.</p>
	<p style="text-align: center;"><b>SPIRITS</b></p> <p>EC Reg. 110/2008 – relative to the definition, designation, presentation, labelling and protection of the Geographical Indication Spirits.</p>
	<p style="text-align: center;"><b>AROMATISED WINES</b></p> <p>EU Reg. No 251/2014, on the definition, description, presentation, labelling and the protection of GI aromatised wine products and repealing Council Regulation (EEC) No 1601/91.</p>



## A2

## QUALITY IN EUROPE

## 3. EUROPEAN REGULATIONS - OTHER AGRI-FOOD PRODUCTS

**PRODUCTS FROM ORGANIC AGRICULTURE**

EC Reg. 834/07;  
EU Reg. 203/2012.

**NATIONAL QUALITY SCHEMES NQS**

EC Reg. 1974/2006 and EC Reg. 1698/2005 replaced by Article 16 of EU Reg. 1305/2013;  
Law 4 of February 3 2011 - Labelling provisions and food quality; MD March 4 2011 - Regulation of the national quality Scheme for zootechnology.

**MOUNTAIN PRODUCTS**

Art. 31 of EC Reg. 1151/2012 – Quality Package;  
EC Reg. 665/2014.

- **Organic farming and the European Union**



The European Union established the principles and standards for organic production in several specifically dedicated regulations, taking an important first step with Regulation EEC No. 2092 of 1991, which established common minimum standards for the organic production of vegetable products. Subsequently, provisions were introduced for the production of animal products and for the importation of organic products from Third Countries whose production standards and inspection systems have been recognised as equivalent to European ones. Today, organic farming is governed by Regulation EU No. 834 of 2007 relative to the production and labelling of organic products, which establishes the objectives, principles and technical regulations for the organic production of vegetable, animal

and transformed products, as well the criteria for control and certification. An additional innovative legislation for organic production methods has also been established for wine with Council Implementing Regulation EU No. 203 of 2012 which established technical standards of production for organic wine, extending them to the entire winemaking process, while before the approval of this regulation, organic was only applicable to grapes used for production.

- **National Quality Schemes**

National Quality Schemes provide the possibility for each Member State to recognise products with specific characteristics, (identifiable by the Ministerial or Regional logo) on the condition that they conform to the requirements established by Article 16 of EU Reg. 1305/2013 and that they provide binding product specifications, the compliance to which must be verified by independent inspection bodies.

## A3

## GEOGRAPHICAL INDICATIONS

## 1. GEOGRAPHICAL INDICATIONS FOR FOOD

## Highlights



*These are Schemes which recognise and protect the given designation of an agri-food product that has a strong link to the territory in which it is produced or a certain reputation, with specific production regulations that are indicated in a Product Specification approved at European level.*

They are products either with an extremely strong link to the territory (PDO and PGI) or with specific production techniques (TSG). In this sector non-food agricultural products are also included. With the creation and development of the European Union, the valorization and protection of Designations of Origin has acquired a supranational value, also in view of the particular circumstances that exist in the different EU Member States, and protection tools for designations have been established in all European Union countries; first with EEC Reg.2081/1992, then with EC Reg. 510/2006 and, finally, with EU Reg. 1151/2012. This regulation today represents the common point of reference for all the certified quality Schemes for the Geographical Indications of agri-food products. Important principles have been introduced under the new regulations, including several requests that have been made in recent years for the Italian consortia Scheme. Among these:

- the recognition of a precise role being given to producer associations and therefore, with reference to the Italian panorama, to protection Consortia;
- the ex-officio protection necessary for guaranteeing equal and reciprocal protection for PDO and PGI products in all Member States of the EU.

It also establishes the use of graphic Community symbols, which, as well as the specific name and/or logo of each designation, allows for the unequivocal identification and qualification of agri-food products, in a way that renders them easily recognisable and distinguishable from other conventional products for consumers. The designation and graphic marks not only represent the quality of the products, they also constitute a guarantee for their authenticity.

#### What are PDOs, PGIs and TSGs



**PDO (Protected Designation of Origin):** identifies agricultural and food products originating from a defined territory, where the production stages are carried out and where the specific qualities of the product originate (e.g. Grana Padano PDO, Gorgonzola PDO).



**PGI (Protected Geographical Indication):** identifies agricultural and food products originating from a territory to which a given quality, reputation or other characteristic can be attributed, and in which at least one of the production stages takes place (e.g. Bresaola della Valtellina PGI, Radicchio Rosso di Treviso PGI).



**TSG (Traditional Speciality Guaranteed):** highlights the traditional distinctive characteristic of the product, the traditional ingredients with which it is made or the fact that it is produced with traditional processing methods.

FOCUS

## A3

## GEOGRAPHICAL INDICATIONS

## 1.1 REGISTERABLE PRODUCT CATEGORIES FOR FOOD

The agri-food categories that can obtain a designation are those which fall within the chapters listed in Annex I of the EC Treaty and in the listed classes of Annex I of EU Regulation 668/2014, as specified below.

CLASSIFICATION OF PDO AND PGI	
Class 1.1	Fresh meat (and offal)
Class 1.2	Meat products
Class 1.3	Cheeses
Class 1.4	Other products of animal origin
Class 1.5	Oils and fats
Class 1.6	Fruit, vegetables and cereals, fresh or processed
Class 1.7	Fresh fish, molluscs and crustaceans and prod. der.
Class 1.8	Other products of Annex I of the Treaty
Class 2.1	Beers
Class 2.2	Chocolate and derived products
Class 2.3	Bread, pastry, cakes, confectionery, biscuits
Class 2.4	Beverages made from plant extracts
Class 2.5	Pasta
Class 2.6	Salt
Class 2.7	Natural gums and resins
Class 2.8	Mustard paste
Class 2.9	Hay
Class 2.10	Essential oils
Class 2.11	Cork
Class 2.12	Cochineal
Class 2.13	Flowers and ornamental plants
Class 2.14	Cotton
Class 2.15	Wool
Class 2.16	Wicker
Class 2.17	Scutched flax
Class 2.18	Leather
Class 2.19	Fur
Class 2.20	Feather

CLASSIFICATION OF TSG	
Class 1.1	Fresh meat (and offal)
Class 1.2	Meat products
Class 1.3	Cheeses
Class 1.4	Other products of animal origin
Class 1.5	Oils and fats
Class 1.6	Fruit, vegetables and cereals, fresh or processed
Class 1.7	Fresh fish, molluscs and crustaceans and prod. der.
Class 1.8	Other products of Annex I of the Treaty
Class 2.21	Prepared meals
Class 2.22	Beers
Class 2.23	Chocolate and derived products
Class 2.24	Bread, pastry, cakes, confectionery, biscuits
Class 2.25	Beverages made from plant extracts
Class 2.26	Pasta
Class 2.27	Salt



## A3

## GEOGRAPHICAL INDICATIONS

## 2. GEOGRAPHICAL INDICATIONS FOR WINE

## Highlights



*These are Schemes which recognise and protect the determined designation of a wine that is distinguished by a given origin of the grapes and the specific characteristics of the finished product, codified in a Specification which is approved at European level.*

The history of designations in this sector at national level began in 1963, with the application of Presidential Decree 930, which for the first time sought to link the quality of a wine to its place of origin, through the introduction of the Designation of Controlled Origin (DOC) concept. With Law 164 of 1992, the concept of the quality of a wine corresponded with that of the terroir, through the definition of quality wines produced in specific regions (QWPSR), divided into two typologies: Designation of Controlled Origin (DOC) and Designation of Controlled and Guaranteed Origin (DOCG) wines. There was also another table wine category, Typical Geographical Indication (IGT).

With the entry into force of EC Regulation 479/08 — replaced with EC Reg. 491/2009 which amends EC Reg. 1234/2007 — **the common organisation of the wine market (CMO) was reformed through the introduction of European protection for wines in the form of a PDO or PGI, thereby creating a uniform framework for wine and food Protected Designations of Origin.**

Legislative Decree 61/2010, today replaced by Law No. 238 of 12 December 2016 “Regulation on the organic cultivation of grapes and the production and trade of wine”, with which the previous Law 164/1992 on designations of origin for wines was revised at national level, established that DOCG and DOC wines merge together in the PDO wine category, while IGT wines are identified with the acronym already in place for similar food products (PGI). However, due to the custom of their use in everyday language, the law states that the DOCG, DOC and IGT acronyms can still be used. As with other products, wines that conform to the product specification of a given PDO or PGI can be identified with the same European symbols used for the indication of origin of agricultural and food products, following controls by public control authorities or private control bodies authorised by the Ministry of Agricultural Policies.

### ● What are Wine PDOs and PGIs



**PDO (Protected Designation of Origin):** indicates the name of a region, determined place or, in exceptional cases, a country, which serves to describe a wine product that conforms to the following requirements:

- its quality and characteristics are essentially or exclusively given to a particular geographical environment and its natural and human factors;
- the grapes from which it is produced originate exclusively from the geographical area;
- it is produced within the geographical area;
- it is obtained from vine varieties *Vitis vinifera* species.



**PGI (Protected Geographical Indication):** refers to the name of a region, determined place or, in exceptional cases, a country, which serves to describe a wine product that conforms to the following requirements:

- it possesses qualities, fame or other specific characteristics that can be attributed to the geographical origin;
- the grapes from which it is obtained originate for at least 85% from the geographical area;
- it is produced within the geographical area;
- it is obtained from vine varieties belonging to the *Vitis vinifera* species or to a crossbreed of the *Vitis vinifera* species and other species of the *Vitis* genus.



## A3

## GEOGRAPHICAL INDICATIONS

## 2.1 REGISTERABLE PRODUCT CATEGORIES FOR WINE

The new regulation renders the link between the wine's characteristics and its geographical origins even stronger, as the link with the territory is specified in the product specification. It is obligatory for the vinification and bottling areas to correspond; there is loss of right to claim a particular designation for musts and wines that are suitable to become a PDO or PGI if they are not produced within the specific production area.

Today European legislation on Geographical Indications for wines has been integrated into EU Reg. 1308/2013, establishing a common organisation of agricultural products markets and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007. The Commission is starting work on the preparation of the Delegated Acts and Implementing Acts provided for in EU Reg. 1308/2013, necessary to implement the provisions therein concerning PDO and PGI wines. At the same time, due to the detection of errors in some of the product specifications for Italian PDO and PGI wines, and at times even in the single documents describing the product submitted under the procedure set out in Article 118s of EC Reg. No 1234/2007, the Ministry of Agricultural Policies is correcting these errors to make the product specifications in question consistent and in compliance with Community and national legislation on PDO and PGI wines, thereby permitting the registration of pre-existing designations.

- **TRADITIONAL REFERENCES:** traditional references are used to:
  - indicate that the product benefits from a PDO or PGI in application of European legislation and the legislation of a Member State;
  - describe the production or aging method or the quality, colour, type of place or particular event linked to the history of the product that benefits from a PDO or PGI.

- **CATEGORIES:** the following specified typologies of wine products which can apply to be registered as a PDO or PGI, are listed under numbers: 1, 3, 4, 5, 6, 8, 9, 11, 15, 16 of Annex IV of EC reg. 479/2008.

## CLASSIFICATION OF PDOS AND PGIS

1.	Wine
3.	Liqueur wine
4.	Sparkling wine
5.	Quality sparkling wine
6.	Quality aromatic sparkling wine
8.	Semi-sparkling wine
9.	Aerated semi-sparkling wine
11.	Partially fermented grape must
15.	Wine from raisined grapes
16.	Wine of overripe grapes



## A3

## GEOGRAPHICAL INDICATIONS

## 3. GEOGRAPHICAL INDICATIONS FOR SPIRITS

## Highlights



EC Regulation 110/2008 lays down rules on the definition, designation, presentation, labelling and protection of Geographical Indications for spirits.

Unlike Food and Wine, Spirits can only be registered as GIs at European level. These beverages are intended for human consumption and have specific characteristics, a minimum alcohol content of 15%, and are produced either directly or indirectly by mixing a spirit with one or more other types of beverages. The following can be used in the mixture: spirits and/or ethyl alcohol of agricultural origin or distillates of agricultural origin, and/or other alcoholic beverages, and/or beverages. Registration applications for spirits must be submitted directly to the European Commission via the product's Member State of origin, **accompanied by a technical fact sheet giving a description of the requirements that must be met in order to obtain recognition for the Geographical Indication.** In addition to the designation and category of the spirit, as well as the name and address of the applicant, the technical fact sheet must contain the following information: a comprehensive description of the product including the main physical, chemical and / or organoleptic characteristics and the production methods used; a definition of the relative geographical area and elements which prove the link between the product and the production area; any additions to the geographical indication or specific labelling regulations.

## MAIN CATEGORIES OF GI SPIRITS\*

1.	Rum
2.	Whisky/ Whiskey
3.	Grain spirit
4.	Wine spirit
5.	Brandy/Weinbrand
6.	Grape marc spirit
9.	Fruit spirit
10.	Cider spirit and perry spirit
15.	Vodka
17.	Geist
18.	Gentain
19.	Juniper-flavoured spirit drinks
24.	Akvavit/aquavit
25.	Aniseed-flavoured spirit drinks
29.	Distilled Anis
19.	Bitter-tasting spirit drinks/bitter amaro
32.	Liqueur
34.	Crème de cassis
40.	Nocino
-	Other spirit drinks

\*Partial list including the classes of the spirits registered in Annex III of EC Regulation 110/2008. The complete list of classes is given in Annex II of the same Regulation.





Section  
**B**

# ITALIAN GEOGRAPHICAL INDICATIONS SYSTEM

## B1. Overview of the Italian GI System

## B2. Registration of GI

1. Registration process
2. Production specification and protection Consortia
3. Control system
4. Public supervision, private supervision and autocontrol

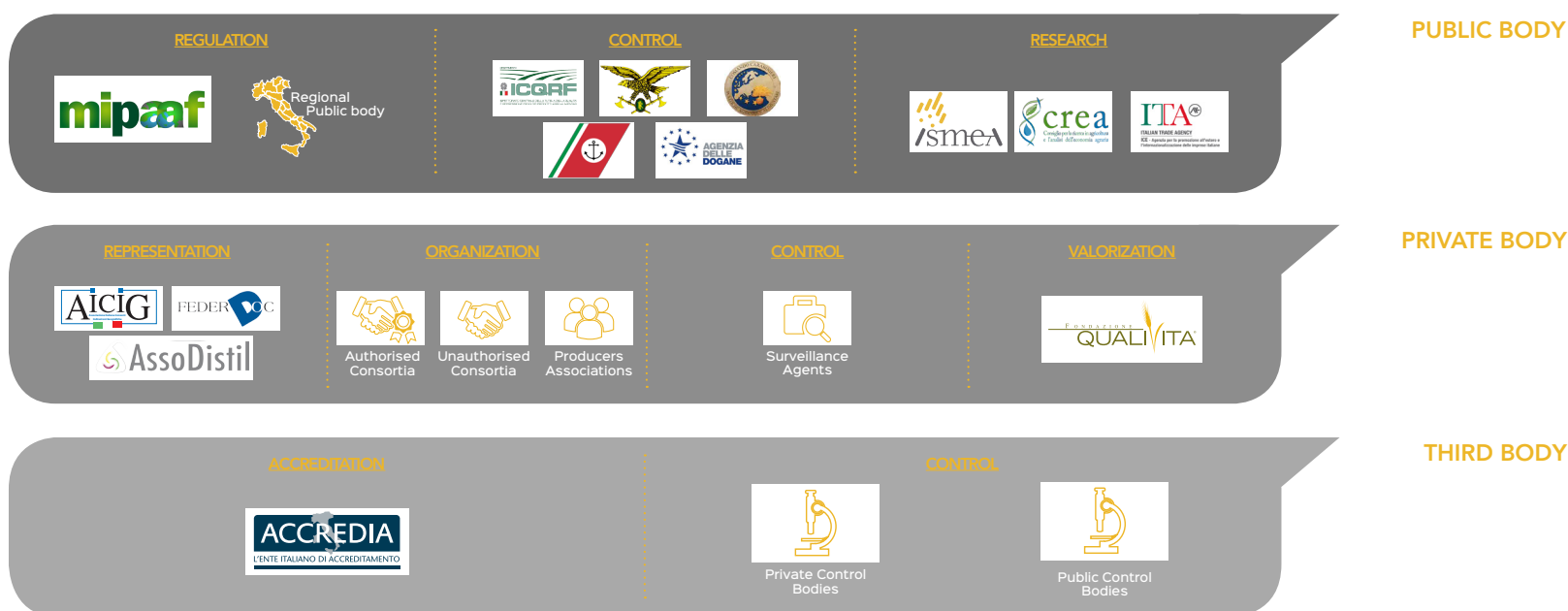


## B1

## OVERVIEW OF THE ITALIAN GI SYSTEM

## Highlights

Since the early 1900s, the Italian agri-food model has been trying to establish the role of well-known Geographical Indication products from a regulatory and organisational perspective. Therefore, in 1992, when EEC Regulations 2081 and 2082 began extending the protection and valorization tools for PDO, PGI and TSG products to all Member States, this legislation was inserted into an already well-established and organised system, thereby considerably increasing its potential. Below is a brief description of the Italian GI system and the bodies within it.

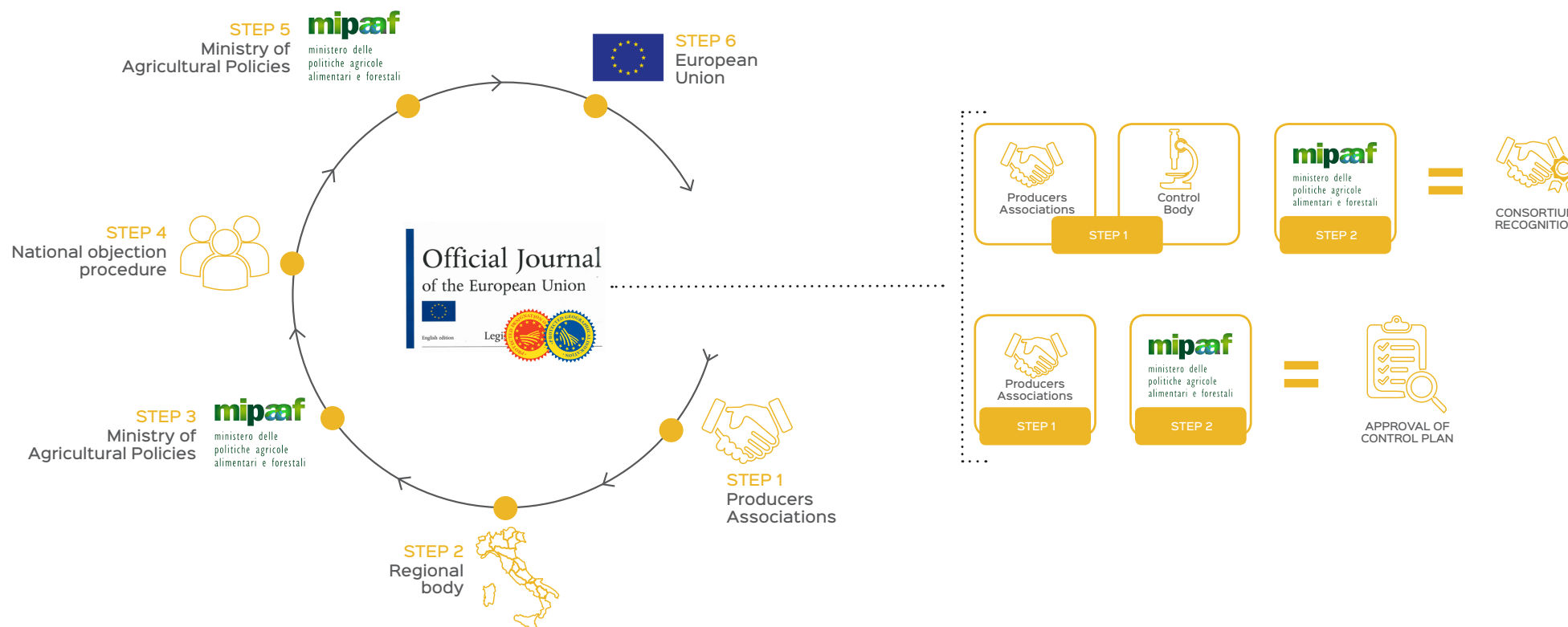




## B2

## REGISTRATION OF GI

## 1. REGISTRATION PROCESS



The registration of a PDO, PGI or TSG product is a complex process involving producers and national and European bodies on various levels, described briefly below. The first step is **filing the registration application**, which can be done **by a group** – promotion committee, association, etc. - working with the products for which the name is to be registered. The application is submitted to the **national authority** of the relevant Member State; in Italy it is submitted to both the regional body and the Ministry of Agricultural, Food and Forestry Policies. The Member State examines the application to evaluate whether or not the requirements are met and then initiates a **national objection procedure**, assessing any objections that arise; if they decide favourably upon the application, it is **submitted to the European Commission**. The Commission shall in turn examine the application and, if it considers the conditions met, will publish the unified document and the reference of the published approved product specification within six months.

## B2

## REGISTRATION OF GI

## 2. PRODUCTION SPECIFICATION AND PROTECTION CONSORTIA

## ● PRODUCTION SPECIFICATION

In order to benefit from the protection given to a Geographical Indication and to be able to use the EU logo, Community regulations dictate that an agricultural or food product must comply with a production specification. This means that products have to comply with the production regulations, both in terms of the production process and the final characteristics of the product. The specification is therefore the product's identification document, prepared and presented by the individual applying for the name to be registered, and it must contain a description of the requirements that the product must comply with. The product specification must include at least the following elements:

- Product designation
- Product description (raw materials, characteristics)
- Delimitation of geographical area
- Proof that the product originates from the geographical area
- Description of the method used to obtain the product
- Evidence of the link with the geographical area
- References relative to control systems
- Specific labelling elements related to the PDO or PGI indication
- Any conditions to be met to comply with Community and/or national provisions.

## ● PROTECTION CONSORTIA

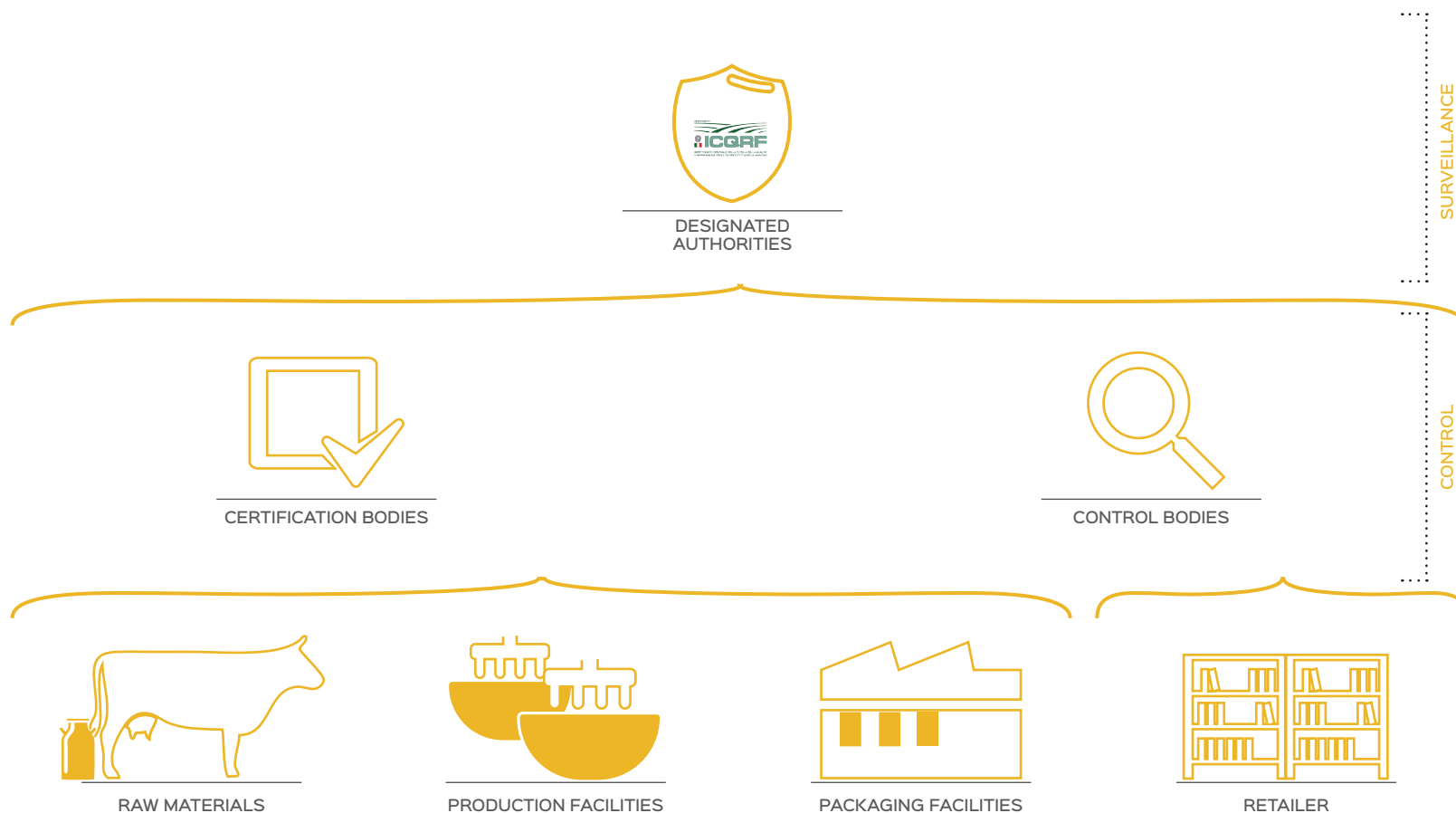
In general, a Consortium agreement establishes that a group of entrepreneurs create a common organisation for correctly carrying out certain phases of the respective ventures. **Protection Consortia are voluntary, non-profit associations and are promoted by the economic operators involved in the individual supply chains, with the sole function of protecting agri-food products with Geographical Indications.** For an association in the **Food sector** to be recognised as a consortium by the Ministry of Agricultural, Food and Forestry Policies, it must demonstrate being part of the shareholder structure of the companies that represent at least 2/3 of production controlled by the inspection body and deemed suitable for certification, while for the **Wine sector**, it must represent at least 40% of the winemakers and 66% of the certified product. **A recognised protection Consortium promotes, valorizes, informs consumers and generally oversees Geographical Indications (Article 14 of Law No. 526 of 21 December 1999).**



## B2

## REGISTRATION OF GI

## 3. CONTROL SYSTEM



The European Union's PDO, PGI, TSG system involves a control procedure aimed at verifying the conformity of a product to the recognised product specification and monitoring the use of registered names on products placed on the market. The procedures are implemented by a control system that operates on three distinct levels: public supervision, controls by third party bodies, autocontrol by producers.

## B2

## REGISTRATION OF GI

## 4. PUBLIC SUPERVISION, PRIVATE SUPERVISION AND AUTOCONTROL

## ● PUBLIC SUPERVISION

Public supervision is entrusted to the **competent Authority recognised by the European Commission**. In Italy, it is the Ministry of Agricultural, Food and Forestry Policies, which heads the bodies responsible for the public supervision and control of products. It also authorises public and private control bodies to carry out certification and control activities.

## ● CONTROLS BY THIRD PARTY BODIES

Controls carried out by third party bodies concern ensuring that the requirements of the product specification are met and are entrusted to **public or private control bodies that operate as certification bodies**. The activities of the control bodies are authorised by the Ministry of Agricultural, Food and Forestry Policies and, in the case of private bodies, must be accredited by the sole National Accreditation Body (Accredia). They confirm compliance with the requirements of the specification through **on-site inspections** at the production companies and **product controls**. The costs of these inspections are generally borne by the operators that are subject to control: Member States can decide to contribute to the costs.

## ● AUTOCONTROL BY PRODUCERS

For autocontrol by producers, recognised Consortia can carry out protection and control activities for the products, using specific **supervisory agents** recognised by the Ministry of Agricultural, Food and Forestry Policies and registered in the apposite register. The agents mainly carry out these activities during the commercialisation stage and they can perform inspections and sampling, while they are not allowed to carry out inspections on control bodies or to autocontrol the products.

## ● Control Plan

Compliance with the product specification must be verified by the **control bodies** that operate as the **certification bodies** of the product. Third party and independent controls are carried out with the aim of ascertaining the conformity of the product with the specified requirements, in order to assure the final consumer that the expected "value" of the product effectively corresponds with what has been declared in terms of origin, methodology and specific characteristics of typicality. The control body carries out these verifications through the application of a **Control Plan**, a document approved by MIPAAF that contains "what" has to be controlled (standard requirements) and the control method ("how" to control the requirements). The approved and validated Control Plan is therefore an official document which summarises all the requirements of the PDO, company controls, the controls and applicable procedures carried out by the control body.

The **producer has the responsibility** of respecting the product specification of the designation and to put a product that conforms to the specifications on the market. Each producer has the task of registering activities carried out for the GI and to render this documentation available to inspection, as evidence that everything has been carried out accordingly and of the traceability of the GI product. Self-monitoring also allows for the possibility of identifying eventual non-compliant situations and to intervene with opportune corrective measures.



Section  
**C**

# GEOGRAPHICAL INDICATIONS STATISTICS

## C1. Europe

1. GIs in Europe
2. GIs in EU Countries

## C2. Italy

1. GIs in Italy
2. PDO PGI TSG statistics in Italy
3. PDO PGI TSG Food sector Italy
4. PDO PGI TSG Food exports Italy
5. PDO PGI Wine sector Italy
6. PDO PGI Wine exports Italy

## C1

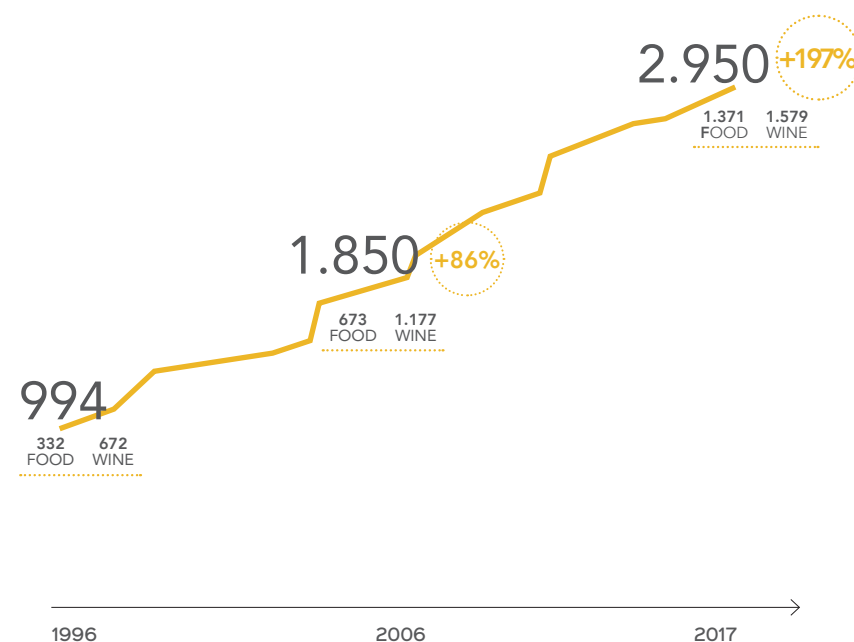
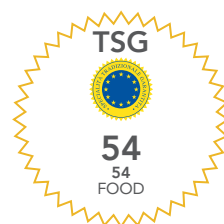
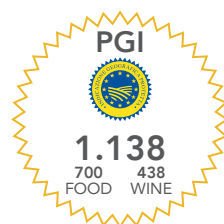
## EUROPE

## 1. GIs IN EUROPE

## Highlights



The number of Geographical Indications in Europe is constantly growing: PDO PGI and TSG products in the Food and Wine sectors have almost tripled in the last twenty years, increasing from less than one thousand in 1996, to almost three thousand in 2016 (65 new products were registered in EU countries in 2016 alone). In May 2017 EU countries count 1,371 designations in the Food sector, 1,579 in the Wine sector and 339 Geographical Indication Spirits. The registration of new Geographical Indication products in recent years, are indication of an extremely dynamic and continuously growing Food sector, both in terms of the number of products and the number of countries involved; the Wine sector is more stable, with no variations in terms of new designations, thanks to classification systems that have become increasingly solid over time and which are able to define the entire production landscape.



Elaboration by the Qualivita Foundation – Source: European Union – Data on 19 May 2017.

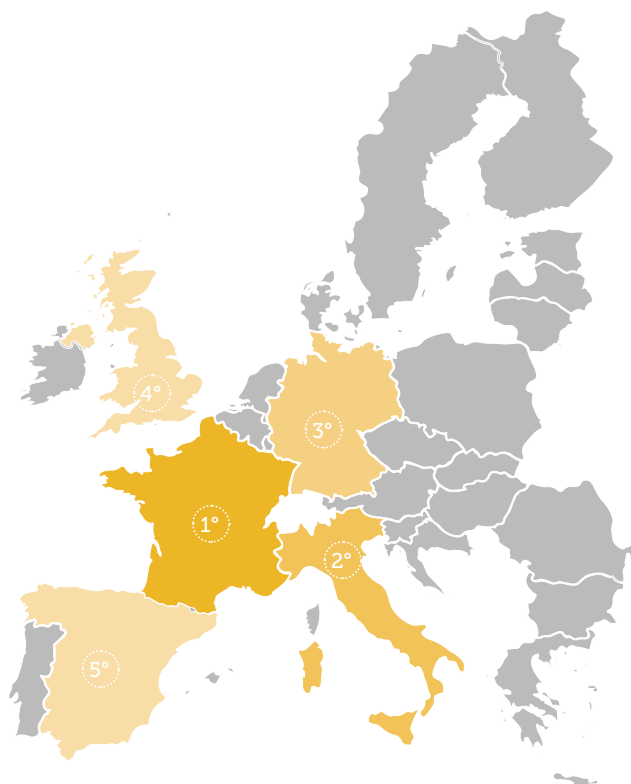
## C1

## EUROPE

## 2. GIs IN EU COUNTRIES

Mediterranean countries are the central core of European Geographical indications, with Italy, France, Spain, Portugal and Greece alone having respectively 71% and 80% of the designations in the Food and Wine sectors. Germany and the UK stand out among North European countries, while in Eastern Europe, Croatia plays an active role, as do Bulgaria and Romania, especially in the Wine sector. Italy has by far the highest number of Geographical Indications, as well as the most new registrations over the past

few years (13 new products in 2016 and 2 new products until May 2017). In 2010, the commercial value of Geographical Indications in the countries on the old continent was estimated - by a European Commission study - to be around 54.3 billion Euros: once again, 90% of the wealth resides in just five countries (France, Italy, Germany, UK and Spain), with France and Italy alone accounting for 60% of this economic asset.



## GI STATISTICS IN EUROPE

<b>54,3 B €</b>	Commercial value of European GIs*
<b>15,8 B €</b>	Commercial value of FOOD GIs in Europe*
<b>30,4 B €</b>	Commercial value of WINE GIs in Europe*
<b>8,1 B €</b>	Commercial value of SPIRITS GIs in Europe*
<b>France</b>	241 Food   432 Wine   78 Spirits** → <b>20,8 B €*</b>
<b>Italy</b>	293 Food   523 Wine   39 Spirits** → <b>11,8 B €*</b>
<b>Germany</b>	89 Food   39 Wine   35 Spirits** → <b>5,7 B €*</b>
<b>United Kingdom</b>	66 Food   5 Wine   3 Spirits** → <b>5,5 B €*</b>
<b>Spain</b>	195 Food   131 Wine   28 Spirits** → <b>4,6 B €*</b>

\*Source: European Commission 2012 – Data up to 2010.

\*\*Elaboration by the Qualivita Foundation – Source: European Union – Data on 19 May 2017.

# C2

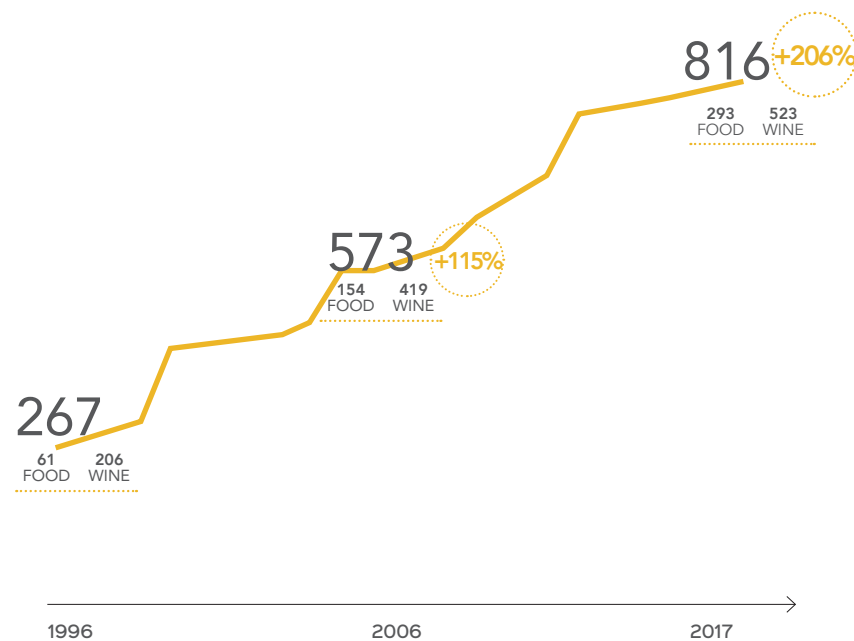
## ITALY

### 1. GIs IN ITALY

#### Highlights



Italy has the highest number of GIs: PDO PGI and TSG products in the Food and Wine sectors have almost tripled in the last twenty years, increasing from 267 in 1996 to over eight hundred in 2016 (13 new products were registered in 2016 alone). In May 2017 Italy counts 293 designations in the Food sector, 523 in the Wine sector and 39 Geographical Indication Spirits. There is a higher concentration of Food registered products in the northern regions of Italy: Emilia Romagna has the highest number of PDO and PGI products (45), followed by Veneto (38) and Lombardy (36); while the regions of Piedmont and Tuscany have the highest number of designations (58) in the Wine sector.



Elaboration by the Qualivita Foundation – Source: European Union – Data on 19 May 2017.



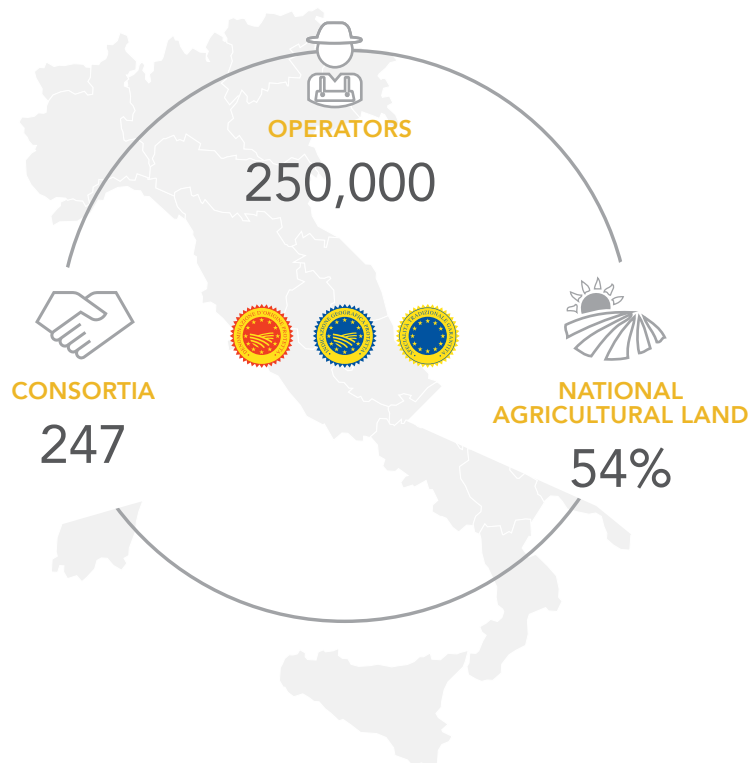
## C2

## ITALY

## 2. PDO PGI STATISTICS IN ITALY

The food and wine production supply chains represent an invaluable asset for the regions in Italy, from an economic and sustainable development point of view and as a cultural and environmental heritage. In Italy, PDO PGI products in the Food and Wine sectors cover more than 54% of agricultural land and provide work to about 250,000 people, grouping farmers, producers and processors under the strategic guidance of 247 protection Consortia recognised by the Ministry of Agricultural, Food and Forestry Policies. The latest

estimates show that in 2015 the made in Italy GI Food and Wine sector was worth 13.8 billion Euros (+2.6% per year), equal to 10% of the total revenue of the domestic food industry, and a trend in exports that seems almost unstoppable, nearly + 10% per year, reaching about 7.8 billion Euros in 2015 and accounting for 21% of Italian agri-food exports.



## VALUE OF ITALIAN PDO PGI FOODS AND WINE

13,8 B €	Production value (+2,6%)
6,35 B €	Production value FOOD
7,4 B €	Production value WINE
10%	Contribution to the Italian food industry revenue
7,8 B €	Export value (+9,6%)
21%	Contribution to Italian agri-food exports

Source: Ismea-Qualivita Report 2016 – Data 2015.

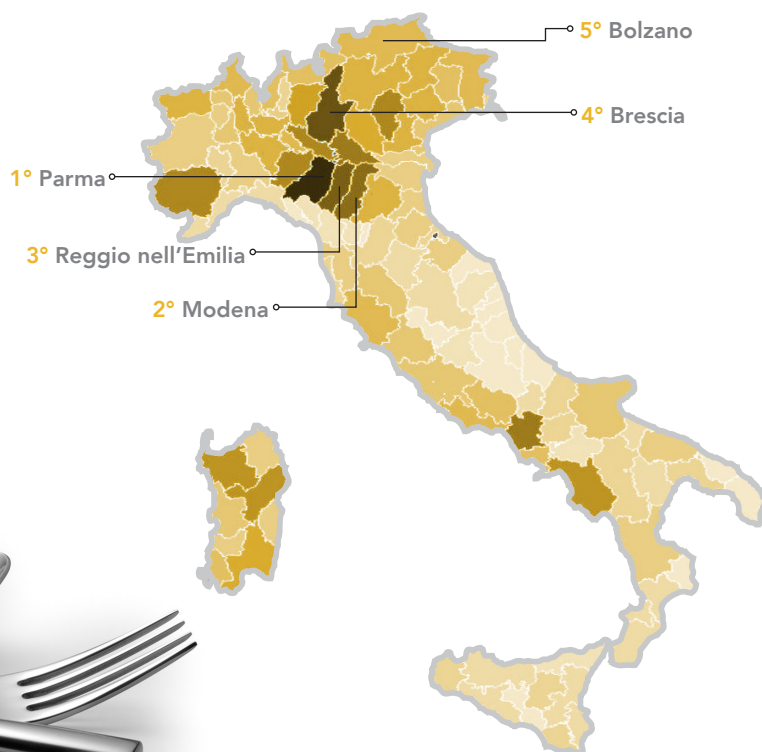
## C2

## ITALY

## 3. PDO PGI FOOD SECTOR ITALY

In Italy, PDO PGI certified agri-food has an estimated production value of around 6.35 billion Euros, while consumers spend a total of 13.3 billion Euros, equal to 10% of the total food expenditure allocated by Italian households. The fruit and vegetable category has the highest number of certified products (110 out of 291) and production volumes (658 thousand tons), but cheese and meat products are those which make the greatest contribution to business in the industry (over 84% of the overall production value to PDO PGI products). There is also a strong presence of one-off productions in the top ten certified products (5 PDO Cheeses, 4 PDO PGI Meat-based products

and Aceto Balsamico di Modena PGI), which alone generate a production value of over 5 billion Euros and absorb almost 80% of the total value of the certified Food sector. Territorial impact assessments of PDO and PGI products also show that the value of the GI system is distributed throughout Italy, although - especially in the Northeast and Northwest - there are 20% of the Italian provinces accounting for more than 80% of the total economic value, even if the impact dynamics for the various supply chains in the Italian regions are different.



## TOP 10 FOOD PRODUCTS FOR PRODUCTION VALUE

Grana Padano PDO	<b>1.180 M €</b> (18,6% of total GI Foods)
Parmigiano Reggiano PDO	<b>1.056 M €</b> (16,6% of total GI Foods)
Prosciutto di Parma PDO	<b>667 M €</b> (10,5% of total GI Foods)
Aceto Balsamico di Modena PGI	<b>372 M €</b> (5,9% of total GI Foods)
Mozzarella di Bufala Campana PDO	<b>345 M €</b> (5,4% of total GI Foods)
Mortadella Bologna PGI	<b>317 M €</b> (5,0% of total GI Foods)
Gorgonzola PDO	<b>305 M €</b> (4,8% of total GI Foods)
Prosciutto di San Daniele PDO	<b>287 M €</b> (4,5% of total GI Foods)
Pecorino Romano PDO	<b>276 M €</b> (4,3% of total GI Foods)
Bresaola della Valtellina PGI	<b>215 M €</b> (3,4% of total GI Foods)

Source: Ismea-Qualivita Report 2016 – Data 2015.

## C2

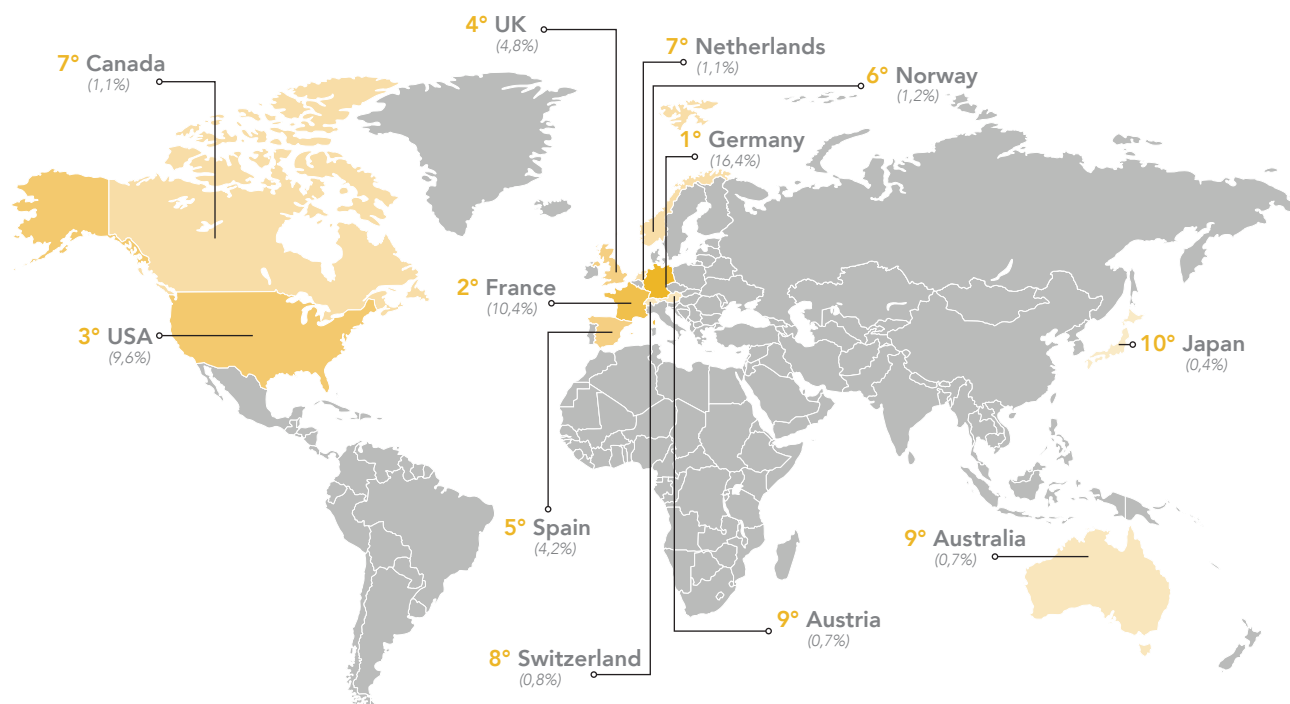
## ITALY

## 4. PDO PGI FOOD EXPORTS ITALY

In recent years, the export trend for PDO PGI agri-food products has evolved at a dizzying pace, with growth rates in double figures. In 2015, the Italian PDO and PGI Food exports revenue reached 3.1 billion, with an annual increase of +17 %; an excellent result, even compared to the consistent growth of +7.8% of total domestic agri-food exports. Once again, Cheeses are the main export category for Geographical Indication agri-foods, which, with a value estimated at 1.6 billion Euros, represents 51% of the total amount of made in Italy PDO PGI Food products aimed at foreign markets. In terms of one-off productions, however, Aceto Balsamico di Modena PGI is Italy's top

certified product: an export value of 744 million Euros, with a +73.8% year on year growth and a market share that is worth a quarter of the total export value of certified Food products.

EU countries represent more than two-thirds of the Italian export market (69% of total PDO PGI exports), with Germany (16.4%) and France (10.4%) offering the best commercial opportunities, while the United States is the third target market (9.6%).



## TOP 10 FOOD PRODUCTS FOR EXPORT VALUE

Aceto Balsamico di Modena PGI	<b>744 M €</b> (24% of total GI Foods)
Grana Padano PDO	<b>581 M €</b> (19% of total GI Foods)
Parmigiano Reggiano PDO	<b>549 M €</b> (17% of total GI Foods)
Prosciutto di Parma PDO	<b>260 M €</b> (8% of total GI Foods)
Pecorino Romano PDO	<b>184 M €</b> (6% of total GI Foods)
Mela Alto Adige PGI	<b>167 M €</b> (5% of total GI Foods)
Gorgonzola PDO	<b>111 M €</b> (4% of total GI Foods)
Mozzarella di Bufala Campana PDO	<b>102 M €</b> (3% of total GI Foods)
Mortadella Bologna PGI	<b>81 M €</b> (3% of total GI Foods)
Prosciutto di San Daniele PDO	<b>57 M €</b> (2% of total GI Foods)

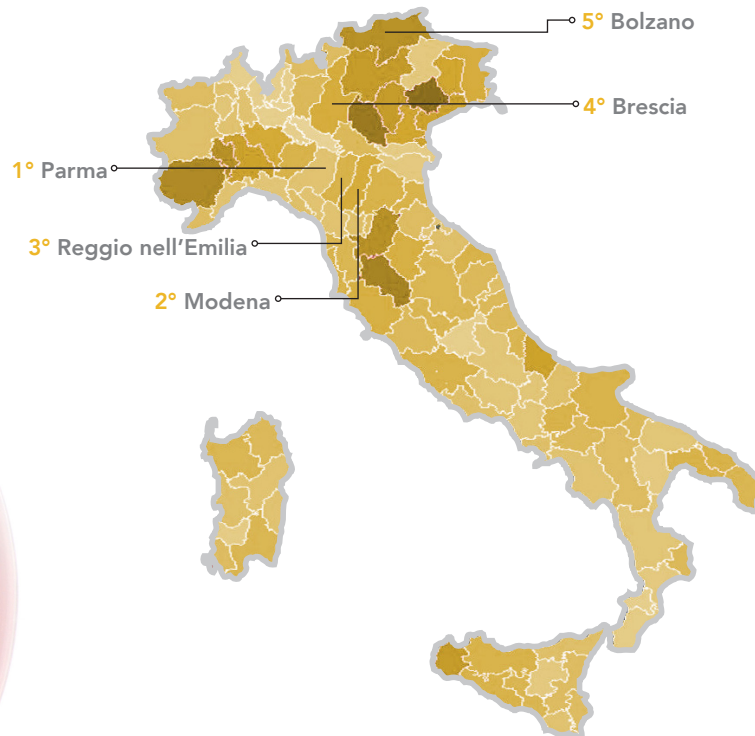
Source: Ismea-Qualivita Report 2016 – Data 2015.

## C2

## ITALY

## 5. PDO PGI WINE SECTOR ITALY

The wine sector boasts a total of 523 PDO and PGI recognitions, registered land that amounts to 494 thousand acres and it represents about 50% of all the wine produced in Italy. In 2015, over 23 million hectolitres of PDO and PGI wines were produced, of which 21 million were bottled, corresponding to 2.84 billion bottles (an annual increase of +2.4%). In 2015, the production value of PDO PGI certified wines was estimated at 7.4 billion Euros, with an annual increase of +5.8%. Despite the large number of recognitions throughout Italy, the production of certified quality wines is extremely concentrated, with the top three regions producing 56% of the total amount of



PDO certified products: Veneto (where the "Prosecco system" stands out alongside Amarone della Valpolicella PDO), Tuscany (especially for its two great reds, Chianti, PDO and Chianti Classico PDO), and Piedmont (with its famous Barolo PDO and Asti PDO). There is also a strong presence of one-off designations, with the top ten Italian PDO wines representing 53% of the total production volume and 58% of the total production value. Big name PGI products are distributed in several regions, but the concentration is even more evident with the top 10 accounting for more than 80% of the total volume and total value.

## TOP 10 WINES FOR THE PRODUCTION VALUE OF UNBOTTLED WINE

PDO	PGI
Prosecco PDO	Delle Venezie PGI
Conegliano Valdobbiadene-Prosecco PDO	Veneto PGI
Chianti PDO	Terre Siciliane PGI
Asti PDO	Toscana PGI
Chianti Classico PDO	Emilia PGI
Amarone della Valpolicella PDO	Salento PGI
Alto Adige PDO	Puglia PGI
Barolo PDO	Vigneti delle Dolomiti PGI
Valpolicella Ripasso PDO	Rubicone PGI
Montepulciano d'Abruzzo PDO	Venezia Giulia PGI

Source: Ismea-Qualivita Report 2016 – Data 2015.



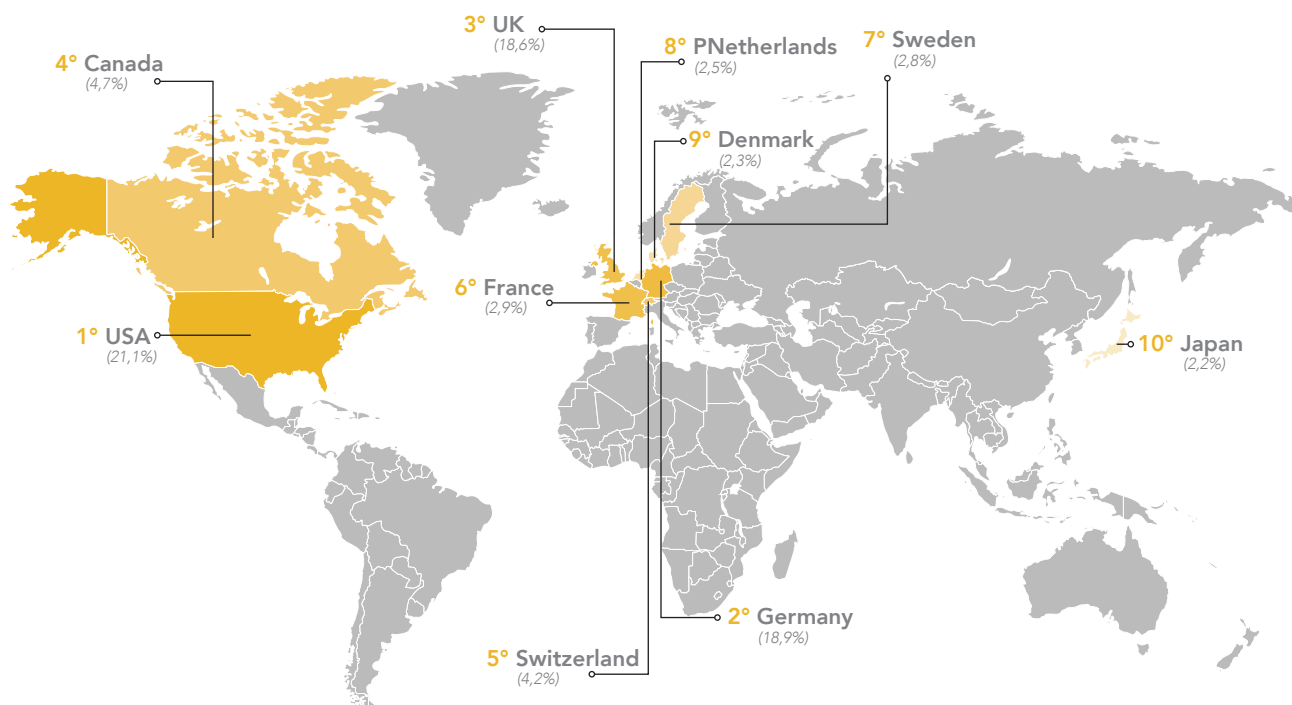
## C2



## ITALY

## 6. PDO PGI WINE EXPORTS ITALY

In 2015, PDO and PGI wine exports amounted to around 14.1 million hectolitres (+4.5% year on year), out of a total of 20 million hectolitres that were exported from Italy: over the past few years, certified quality wine's contribution to overall Italian exports has increased, accounting for 60% in 2010 and going up to over 70% in the following five years. PDO and PGI export revenues amounted to 4.7 billion Euros (+7.7%), reaching 87% of the overall 5.4 billion Euros generated by Italian wine exports. In the last five years, the export value in both the PDO and PGI segments increased by an overall +30%. Still wines still hold the majority for national exports in both the PDO and PGI wine segments, although in terms of performance sparkling wines have shown more significant increases.

The effect of "Prosecco System" - extremely strong, especially on the export front - is evident in the fact that in 2015, the customs entry "other wines" reported an export growth of +30%. The export of still PDO wines is geared towards reds, with 63% and 73% respectively of the overall production value and production volume, but still PDO white wines reported better performances. PGI products, with still wines representing 90% of the total wine exports, recorded a +3.9% in volume and +8.1% in value. In terms of destinations, there is once again a strong concentration: the top five countries (Germany, Switzerland, United Kingdom, United States and Canada), have reached 71% of the production volumes and 70% of the revenues.



ITALIAN PDO PGI WINE EXPORTS		
 PDO	<b>7.508.000</b> hectolitres	<b>2.977</b> M €
STILL WINES	<b>4.685.000</b> hectolitres	<b>2.006</b> M €
SPARKLING WINES	<b>605</b> hectolitres	<b>150</b> M €
SPUMANTE WINES	<b>2.219</b> hectolitres	<b>821</b> M €
 PGI	<b>6.620</b> hectolitres	<b>1.701</b> M €
STILL WINES	<b>5.836</b> hectolitres	<b>1.538</b> M €
SPARKLING WINES	<b>707</b> hectolitres	<b>138</b> M €
SPUMANTE WINES	<b>76</b> hectolitres	<b>25</b> M €

Source: Ismea-Qualivita Report 2016 – Data 2015.

Section  
**D**

# LEGISLATION ON THE PROTECTION OF GEOGRAPHICAL INDICATIONS

## D1. International Regulations

1. Multilateral Agreements
  - 1.1 TRIPs Agreement
  - 1.2 The Lisbon Agreement

## D2. EU Regulations

1. EU Protection
2. Ex officio protection
3. EU bilateral agreements
  - 3.1 Ceta agreement
  - 3.2 EU-USA Wine agreement
  - 3.3 EU-China agreement

## D3. New developments in protection

1. Digital agreements
  - 1.1 E-commerce
  - 1.2 Internet domains
  - 1.3 Search engines
2. Class Action



## Intro

## LEGISLATION OF GEOGRAPHICAL INDICATIONS

## LOCAL AGRI-FOOD AND GLOBAL PROTECTION

## Highlights

## WHY PROTECT GIs

- *To protect them against abuse and counterfeit products which have a particular reputation and certain characteristics.*
- *To provide consumers with tools to distinguish Geographical Indication products from other similar products on the market.*
- *To guarantee GI producers legal protection against imitations of their product.*
- *To preserve the economic value of GI products thereby helping them to stay on the market.*
- *To promote the preservation of production methods and raw materials linked to the GI's place of origin.*

The globalisation of economic phenomena is not only characterised by the globalisation of markets, but also by production factors that result in the deterritorialisation of economies. In this context, typical products are part of a strong and distinctive element of localisation, which Geographical Indications put emphasis on. **This local element needs global protection that operates not only in the country of origin, but also on other target markets.**

Offering global protection, however, is not that easy: whereas in some sectors - for example those of Patents and Trademarks - economically advanced countries have fairly consistent regulations, this is not the case in the agri-food sector. **The reason behind this is the conflict of interest between countries that have strong traditions and an extensive heritage of local quality productions, like Italy, and those which don't and therefore tend to favour generic products** and, in certain cases, try to insert themselves commercially "in the wake" of genuine products, evoking or counterfeiting them by using names and symbols that evoke the traditions they are inspired by.

The protection of Geographical Indications therefore does not fall under a single and well-defined framework at worldwide level. Below there are brief descriptions about the most important scenarios in which protection tools, not just legal, are in place for the Geographical Indications in the world.

## INTERNATIONAL REGULATIONS

## EU REGULATIONS

NEW DEVELOPMENTS  
IN PROTECTION



## D1

## INTERNATIONAL REGULATIONS

## 1. MULTILATERAL AGREEMENTS

## Highlights

1883

*Paris Convention*  
174 Countries

1891

*Madrid Agreement*  
36 Countries

1958

*Lisbon Agreement*  
28 Countries

1994

*TRIPs Agreement*  
164 Countries

2015

*Geneva Act (of the Lisbon Agreement)*  
28 Countries

The international protection of Geographical Indications is not an easy issue because of the significant differences between the regulations in the various legal systems. **The difficulty in defining a shared worldwide regulation and protection framework**, lies in the conflict of interest between countries that have strong traditions in local quality products and those that don't, which tend to favour generic products. Over time,

with a **series of international agreements, these differences have been partly overcome** with certain elements of protection for Geographical Indications provided by the 1994 TRIPs Agreement on the Trade-Related Aspects of Intellectual Property Rights, and the Lisbon Agreement, the most important Convention in the sector (drawn up in 1958 and modified in 2015).





## D1

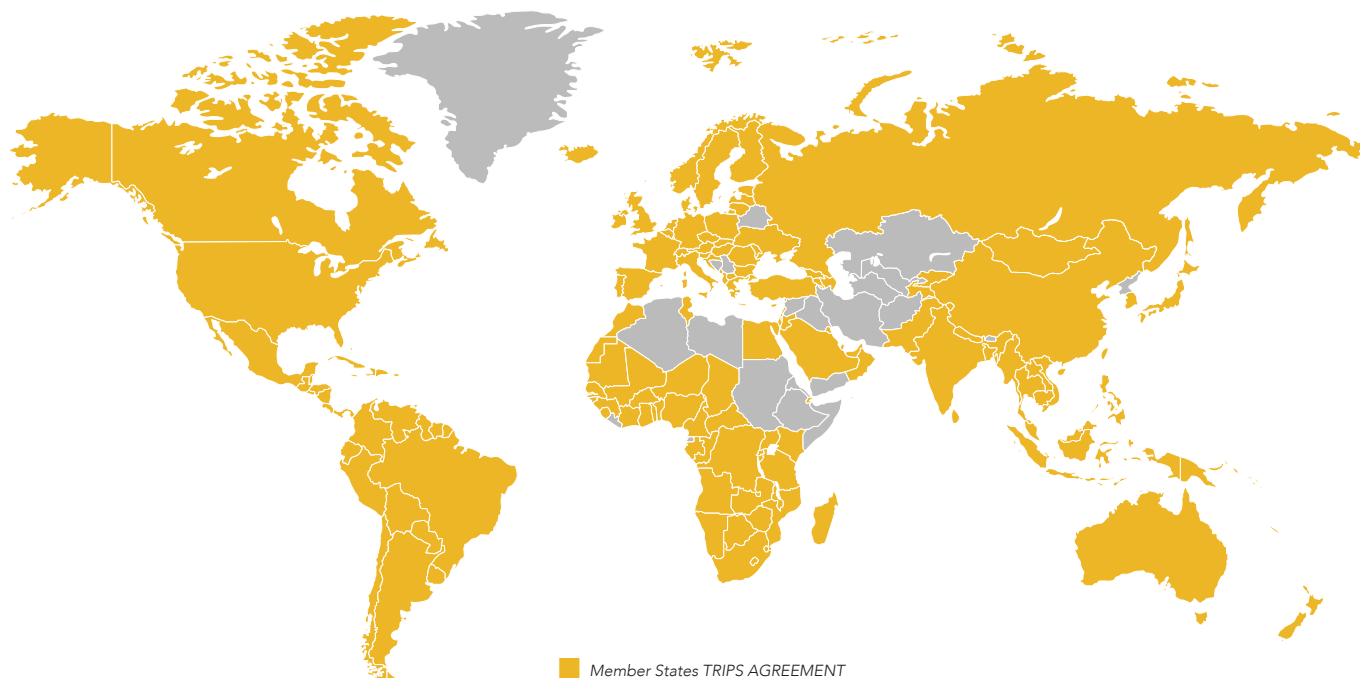
## INTERNATIONAL REGULATIONS

## 1.1 TRIPS AGREEMENT - TRADE RELATED ASPECT OF INTELLECTUAL PROPERTY RIGHTS

The regulations on Geographical Indications in the TRIPS Agreement protect them **against being used in such a manner as to mislead the public and unfair competition**, as well as against the coexistence of homonymous Geographical Indications (in accordance with the 'first in time, first in right' rule).  
*Example - Parmigiano Reggiano PDO: the use of misleading labelling relative to the indication of a product's origin is prohibited, in that it is an act of unfair competition (e.g. "Parmesan Cheese "Bel Gioioso").*

There is also **additional protection for the Geographical Indications of wines and spirits** against the misuse of the name or association with terms such as "type", "style", "model" or the like, which, although not deceptive in terms of the origin of the product, do try to benefit from the reputation of the original.

*Example - Champagne PDO: the use of the wording "Champagne-type sparkling wine" cannot be used on the labels of products produced outside France.*



TRIPS AGREEMENT	
1995	Negotiated at the end of the Uruguay Round of the WTO.
WTO	World Trade Organisation – International organisation established in 1995, with the main objective to oversee global trade agreements and abolish tariff barriers to trade in goods and services. It also deals with trade agreements within the scope of intellectual property rights. Its headquarters are in Geneva, Switzerland.
Countries	164 Member States involved.
What it regulates	Intellectual property rights relating to trade, with a specific section dedicated to GIs.

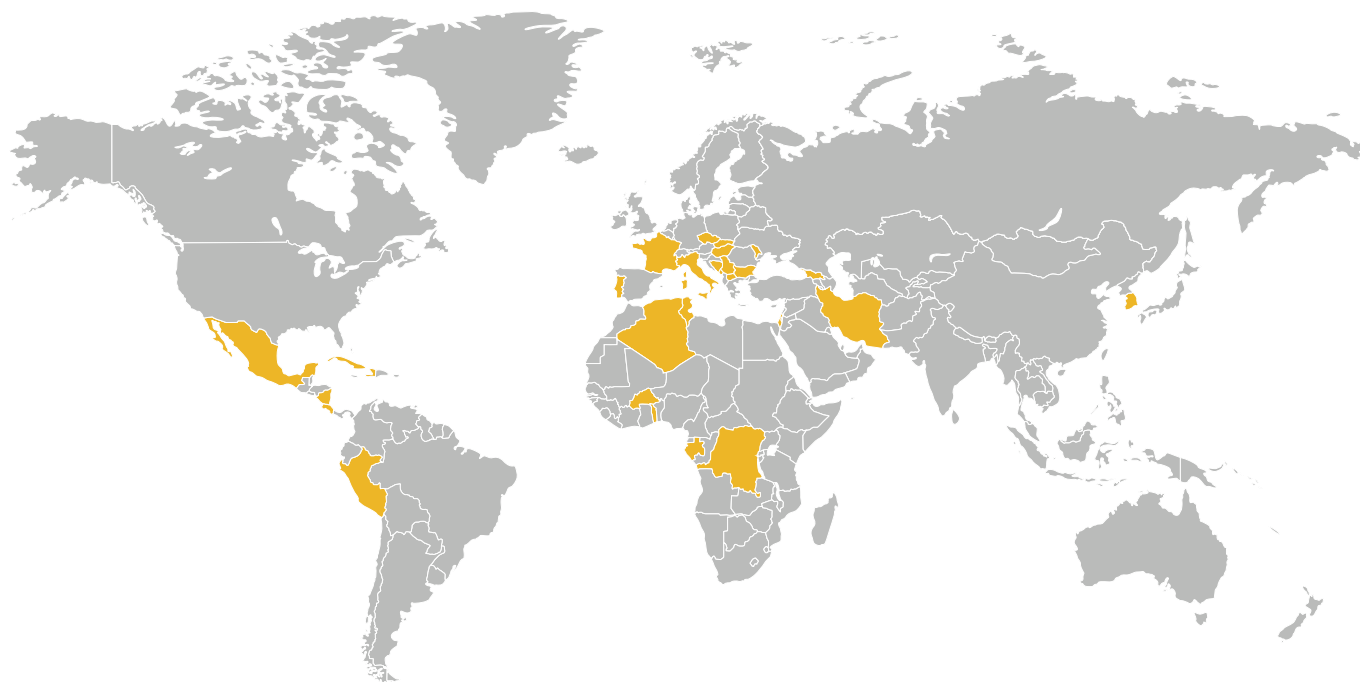
## D1

## INTERNATIONAL REGULATIONS

## 1.2 THE LISBON AGREEMENT

The Lisbon Agreement provides a legal infrastructure to facilitate the worldwide protection of designations of origin, i.e. an international registration mechanism for products whose **characteristics are closely linked to the geographical area of origin**, which are protected against usurpation and imitation, even if the true origin of the product is translated or accompanied by terms such as “kind”, “type”, “method”, “imitation” or the like. In 2015, there was a Diplomatic Conference in Geneva to **review the original agreement** (applicable only to designations of origin with a very close link

between the product and geographical area), which led to the adoption of a “less restrictive” text that allows producer Consortia to directly submit their application for international registration. Finally, it increased the flexibility of the Agreement, permitting countries that do not have specific national regulations for the protection of Geographical Indications to also become members. (e.g. the USA), on the condition that protection is guaranteed through a different system (for example, national trade mark legislation) with the aim of encouraging new memberships.



■ Member States Lisbon Agreement

## THE LISBON AGREEMENT

1958	Lisbon Agreement.
2015	Amendments to the agreement: the Geneva Act.
WIPO	Specialised agency of the United Nations created in 1967, with the main objective to promote the protection of intellectual property throughout the world. It currently has 188 member states and regulates 24 international treaties. Its headquarters are in Geneva, Switzerland.
Countries	28 EU and Non-EU Countries.
What it regulates	The protection of Geographical Indications and their international registration.

## D2

## EU REGULATIONS

## 1. EU PROTECTION

European Community legislation on Geographical Indications is the most developed and consistent system in the world. This stems from the fact that it responds to a certain common interest on the part of the member countries - largely characterised by the traditional production of local quality products that need to be protected - and that the model has established itself over several decades thanks to an upstanding and much supported political programme. Within the European market, with its 510 million consumers, agri-food sector has a total production estimated at 410 billion Euros, with exports to non-EU countries exceeding 130 billion Euros: in this context Geographical Indications have a strong influence, both in terms of turnover (estimated at 53 billion Euros in 2010), and of the added value and reputation of the countries of origin. Without going into detail about the legislation system here (refer to section 1.2.1), the following table shows the main aspects of the protection guaranteed to Geographical Indications at Community level.



## EUROPEAN COMMUNITY REGULATIONS PROTECT GEOGRAPHICAL INDICATION PRODUCTS AGAINST:

Asset I	<b>ANY DIRECT OR INDIRECT COMMERCIAL USE</b> of a registered designation by generic products
Asset II	<b>ANY USURPATION, IMITATION OR EVOCATION OF A PROTECTED DESIGNATION</b> even if accompanied by terms such as "style", "type", "method", "imitation" or the like
Asset III	<b>ANY FALSE OR MISLEADING INDICATION AS TO THE PROVENANCE AND ORIGIN OF THE PRODUCT</b> that could convey a false impression to the consumer
Asset IV	<b>ANY FALSE OR MISLEADING INDICATION AS TO THE NATURE OR ESSENTIAL QUALITIES OF THE PRODUCT</b> that could convey a false impression to the consumer
<i>Other Protection</i>	<b>ANY OTHER FALSE OR MISLEADING INDICATION</b> that could convey a false impression as to the product's origin or characteristics

## D2

## EU REGULATIONS

## 2. EX OFFICIO PROTECTION

An important aspect in the protection of Geographical Indications within the EU market, is the measure concerning **ex officio protection** introduced in 2012 with the so-called "Quality Package". The ex officio tool states that Member States are required to take the necessary measures to protect Geographical Indications, by implementing adequate administrative and legal actions in order to prevent or stop misuse at the expense of certified products. Member States must therefore designate the authorities responsible for adopting protection measures. This important tool permits the timely blocking of "suspect" products in the EU, because - in the event of a direct control or a report by a third party - the competent authorities of each Member State must guarantee the withdrawal of the goods from the market.



*Ex officio: art. 45, 1. "a group is entitled to: (a) contribute to ensuring that the quality, reputation and authenticity of their products are guaranteed on the market by monitoring the use of the name in trade and, if necessary, by informing competent authorities as referred to in Article 36, or any other competent authority within the framework of Article 13(3)".*



### ● Counterfeiting in 5 points

**WHAT IT IS** – in a broad sense, the term counterfeiting, in the language of the media and in public opinion, means any type of agri-food fraud, specifically identified through the adulteration, alteration and pirating of agri-food products.

**WHO IT DAMAGES** – in addition to damaging consumers, generating scams that are harmful to their health, illegal activities also affect the productivity of companies and businesses.

**HOW MUCH IS IT WORTH** – It is estimated that Europe loses 83 billion Euros in sales every year and nearly 800 thousand jobs due to food counterfeiting; the turnover of fake geographical indications in the EU is worth 4.3 billion Euros (9% of legal production), while damages to consumers who believe they are purchasing original products amounts to about 2.3 billion Euros (equal to 4.8% of overall purchases).

**HOW ARE THEY MADE** – "Pure" counterfeiting is the falsification of a food with ingredients of inferior quality or quantity in respect to the original, or which have been modified by replacing, removing or adding elements. The counterfeiting of a trademark or Geographical Indication involves putting a false claim on the food or packaging, or the abusive reproduction of the patent according to which the food itself is produced.

**SOUNDS LIKE AND LOOKS LIKE** – This consists in the imitation of a product for which the protected designation or Geographical Indication are false or improperly used, implying something that is nothing to do with the product; the second instance is when the packaging of the product has been imitated (shape, colour, materials), clearing evoking a product that is highly recognizable on the market.



## D2

EU REGULATIONS  
EU PROTECTION - ASSET I

## I

**DIRECT OR INDIRECT COMMERCIAL USE**  
of a registered designation by generic products

**Under European Community regulations, products with Geographical Indications are protected against any direct or indirect commercial use of a registered designation by products not covered by the registration**, where said products are comparable to the products registered under the designation, or where the use of the designation allows the generic product to take advantage of the reputation of the protected designation, even where these products are used as an ingredient.

**CASE HISTORY – ASIAGO DRESSING**

March 2016 – The Asagio Cheese Protection Consortium, in collaboration with the Central Inspectorate for fraud repression and quality safeguarding of agri-food products (ICQRF), foiled an attempt of online counterfeiting on the Amazon Europe platform, resulting in the withdrawal of "Asiago Dressing", which didn't contain any **Asiago PDO** cheese.



## D2

## EU REGULATIONS

## EU PROTECTION - ASSET II



## II

**USURPATION, IMITATION OR EVOCATION OF A PROTECTED DESIGNATION**  
even if accompanied by terms such as "style", "type", "method", "imitation" or the like

**Under European Community regulations, products with Geographical Indications are protected against any usurpation, imitation or evocation,** even if the true origin of the product or service is indicated or if the protected designation is translated or accompanied by terms such as "style", "type", "method", "as produced in", "imitation" or the like, even if said product is one of the ingredients.

**CASE HISTORY – ITALIAN PDO WINE KIT**

2015/2016 - the Department of Central Inspectorate for fraud repression and quality safeguarding of agri-food products (ICQRF), counteracted numerous irregular sales on Irish and Swedish websites, regarding wine kits evoking the following designations: **Barolo PDO, Brunello di Montalcino PDO, Chianti PDO, Piemonte PDO, Vino Nobile di Montepulciano PDO e Amarone della Valpolicella PDO.**



## D2

EU REGULATIONS  
EU PROTECTION - ASSET III

## III

**FALSE OR MISLEADING INDICATION AS TO THE PROVENANCE AND ORIGIN OF THE PRODUCT**  
that could convey a false impression to the consumer

Under European Community regulations, products with Geographical Indications are protected against any false or misleading indication as to the provenance and origin of the product used on packaging or boxes, advertising material or on documents relative to the product in question, as well as the use of boxes/containers for packaging that could convey a false impression as to the product's origin.

**CASE HISTORY – PDO PROSCIUTTOS**

February 2017 – The Central Inspectorate for fraud repression and quality safeguarding of agri-food products (ICQRF) carried out dozens of raids on companies in the pigmeat sector, in various regions of Italy, in order to protect the production of **Prosciutto di Parma PDO and Prosciutto di San Daniele PDO**: over 30 business owners were investigated and charged with criminal association and aggravated business fraud, after having used pigs not listed in the product specification and therefore lacking the quality and typicality required to produce PDO prosciuttos.

## D2

EU REGULATIONS  
EU PROTECTION - ASSET IV

## IV

**FALSE OR MISLEADING INDICATION AS TO THE NATURE OR ESSENTIAL QUALITIES OF THE PRODUCT**  
that could convey a false impression to the consumer

Under European Community regulations, products with Geographical Indications are protected against any false or misleading indication as to the nature or essential qualities of the product used on packaging or boxes, advertising material or on documents relative to the product in question, as well as the use of boxes/containers for packaging that could convey a false impression as to the product's origin.

**CASE HISTORY – ACETO BALZAMICO**

At the German Anuga food fair in Cologne, an operator belonging to the Aceto Balsamico di Modena PGI protection Consortium came across a condiment produced in Turkey at one of the stands, advertised under the name "Aceto Balsamico". The Consortium filed a precautionary injunction with the Court of Cologne and the next day the German courts used the injunction to protect **Aceto Balsamico di Modena PGI**. The bailiffs went to the fair and imposed the injunction on the use of the name and the withdrawal and destruction of the unauthorised product.



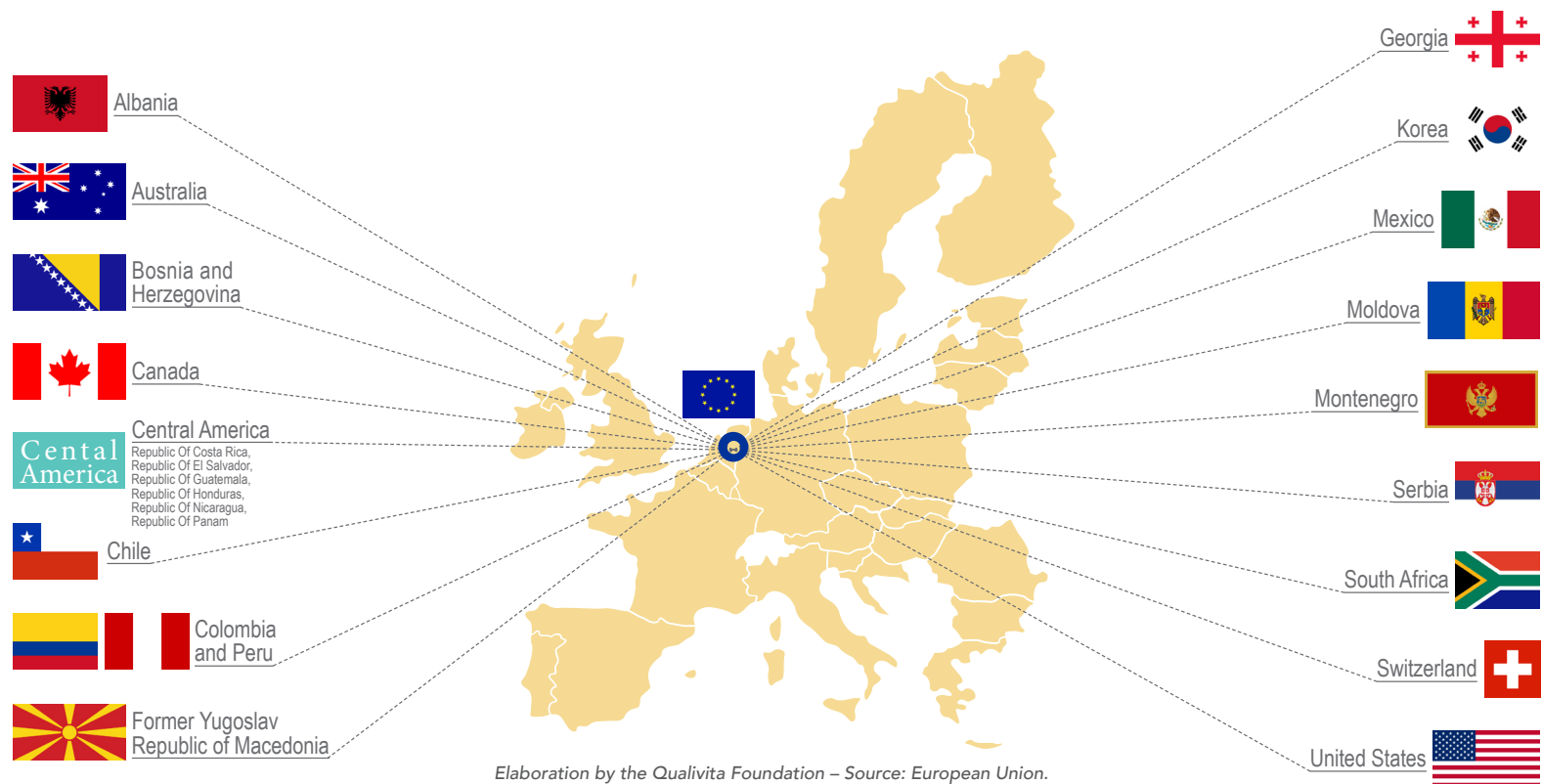
## D2

## EU REGULATIONS

## 3. EU BILATERAL AGREEMENTS

While offering protection tools for Geographical Indication products, multi-lateral agreements fail to offer adequate protection, especially for particularly famous designations that are parasitically “exploited”. The continuing trade barriers interfere with the efforts of European exporters, by penalising the possibility to commercialise Geographical Indications on foreign markets in Third countries within the framework of an adequate protection regime. Therefore, **more effective solutions to resolving the problem of interna-**

**tional protection of Geographical Indications are sought through bilateral agreements, at least with countries that represent the most important markets for European products.** The EU – and in some cases individual countries – has signed conventions and treaties regarding the protection of Geographical Indications, which provide for a protection system based on a list protection mechanism, with the mutual commitment of contracting parties to protect the designations indicated by each country on opposite lists.



## D2

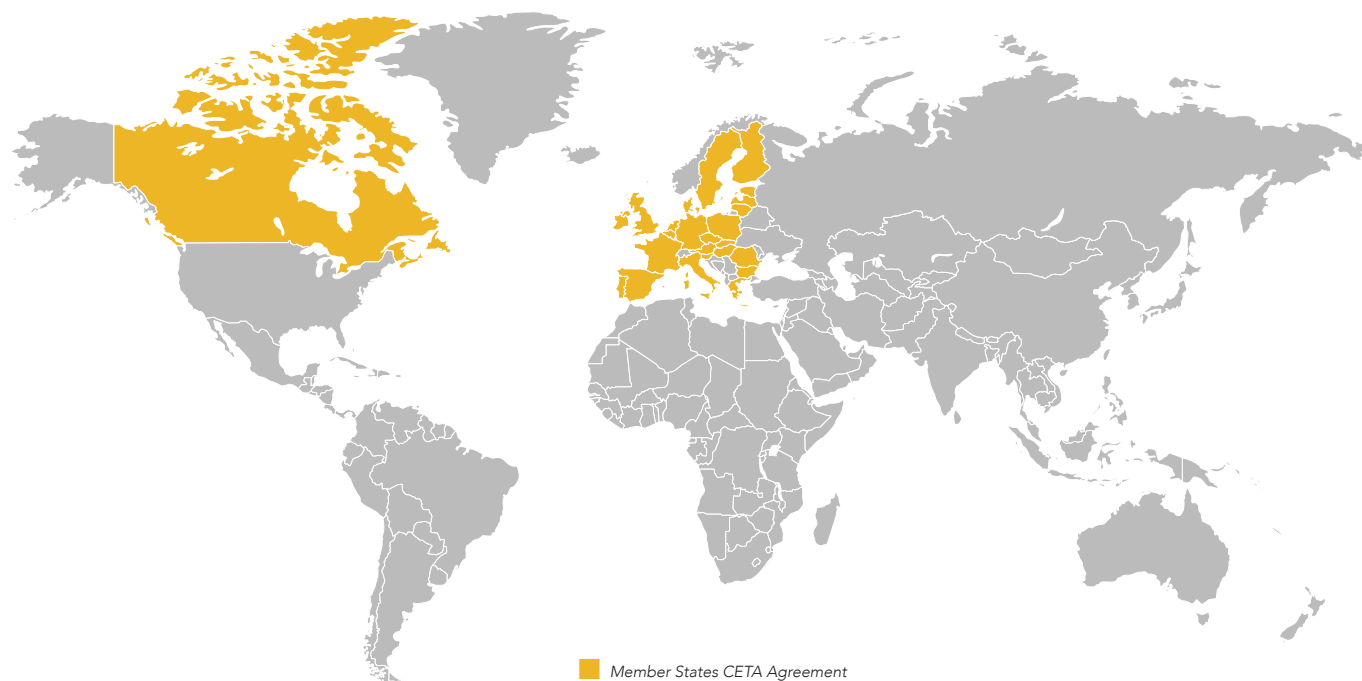
## EU REGULATIONS

## 3.1 CETA AGREEMENT

The free trade agreement between the European Union and Canada is the result of seven years of negotiations and will be applied provisionally from April 2017 (pending the definitive application to be ratified by national and regional parliaments). The agreement eliminates duties on most goods and services and provides for the mutual recognition of certification for a wide range of products.

For agriculture, the agreement ensures the **protection of 140 European Geographical Indication** foods and beverages sold on the Canadian market, of which 39 are Italian GIs (the list of Geographical Indications recognised by Canada is open so that designations can be added). Protection

for all European Geographical Indications **against the evocation of false origin** has been upped, by banning, for example, the use of flags or other symbols that evoke the country of origin. CETA provides tools for the practical application of **protection** both within and at the **borders**, with the possibility for the entitled persons to request the Customs authorities to block products suspected of fraud. The agreement is not reciprocal: Canadian products that use the designations may continue to do so, but they cannot be exported to Europe. It also includes provisions for sustainable development, in order to safeguard environmental and social standards and ensure that trade and investments increase.



## CETA AGREEMENT

2017	CETA Agreement: Comprehensive Economic and Trade Agreement.
Countries	EU – Canada.
What it regulate	It provides for the elimination of custom duties on most goods and services and the mutual recognition of certification for a wide range of products, with the protection of 140 European Geographical Indications (39 of which are Italian) on the Canadian market.
Market	The Canadian market has 35 million consumers and the EU is its second largest trading partner after the USA. Compared to EU agri-food exports, Canada is the ninth market, exceeding 3.4 billion Euros in 2016 (annual growth of 0.6%), almost 3% of total agri-food exports.

## D2

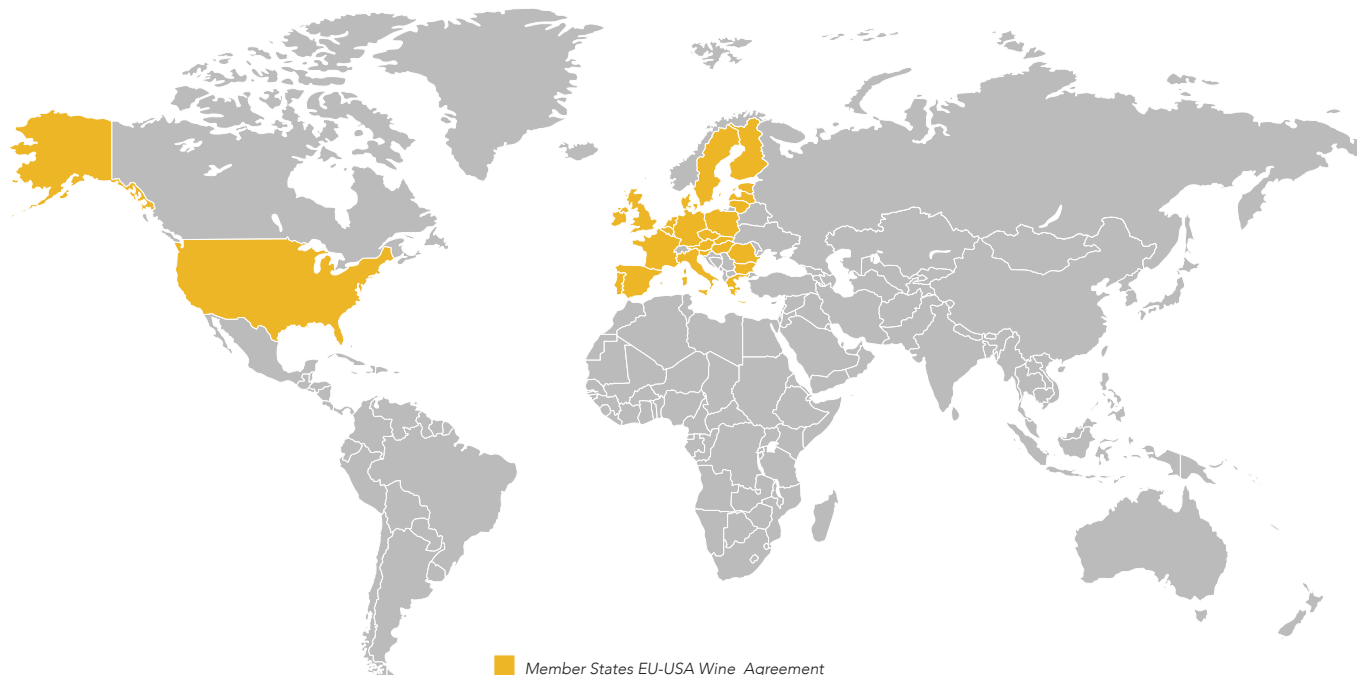
## EU REGULATIONS

## 3.2 EU-USA WINE AGREEMENT

The agreement provides for a higher level of protection for European PDO and PGI wines in the United States, where they have always been considered “semi-generic”. European designations have now been classed as “non-generic” designations of geographic significance and as such are only used for wines originating from the corresponding geographic regions of the European Union. There are still some exceptions regarding certain terms – such as Champagne, Chianti, Marsala, Sherry – which can still be used on the labels of wines not originating from the European Union if they

were already in use in the United States before December 2005. EU wines also are exempt from U.S. certification requirements.

*The lengthy TTIP negotiations (Transatlantic Trade and Investment Partnership), regarding the free trade agreement that could have provided better regulations for the protection of Geographical Indications in the USA, ended in 2016 without an agreement being reached.*



## EU-USA WINE AGREEMENT

2006	Wine trade agreement between the European Community and the United States of America.
Countries	EU-USA.
What it regulate	Provides protection of European wine designations in the United States.
Market	The United States is the EU's largest trading partner: EU agri-food exports to the USA reached 20.6 billion Euros in 2016 (annual growth of 6.5%), equal to 16% of total agri-food exports.

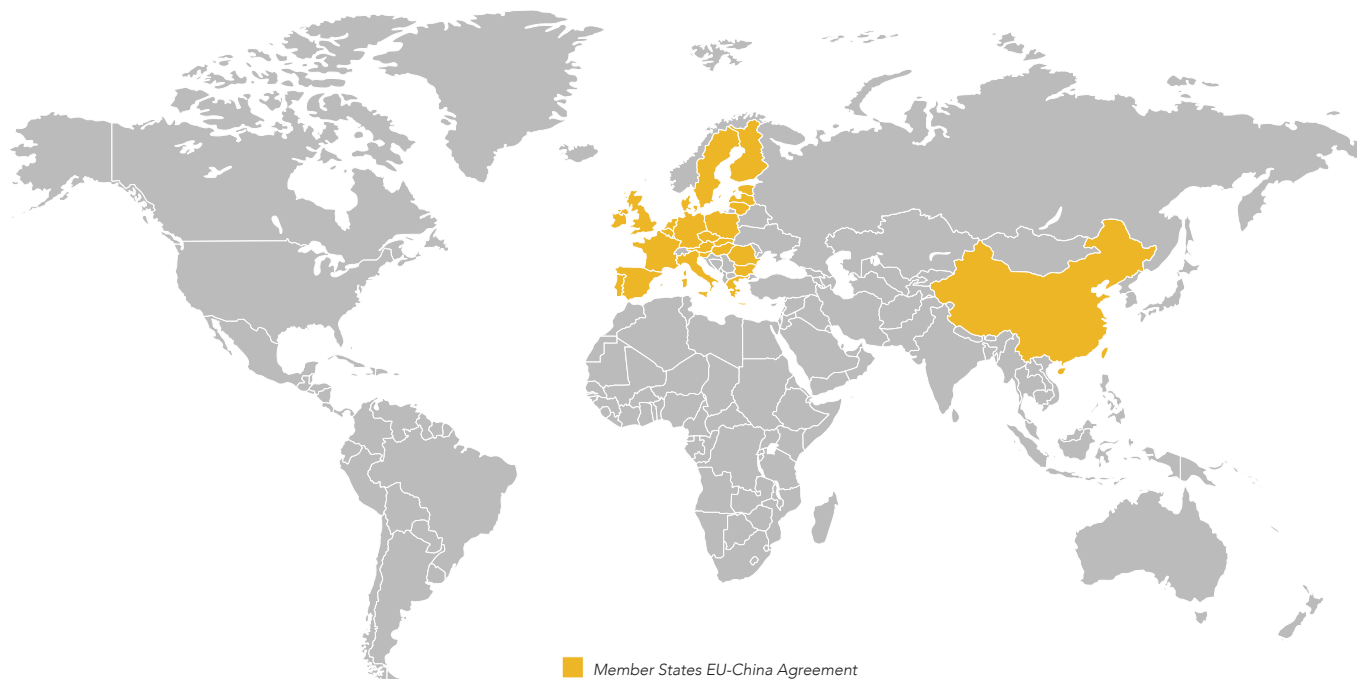
## D2

## EU REGULATIONS

## 3.3 EU-CHINA AGREEMENT

Since the early 1980's, China has signed bilateral investment treaties with 27 EU Member States (except Ireland) in order to facilitate the flow of investments that contributed to the country's economic growth: the agreements have different characteristics depending on the period in which they were concluded and on the contractual power exercised by the parties. The presence of such a fragmented scenario within agreements between Europe and China is not sustainable in the light of developments within the Community and commercial weight that China has assumed. At the end of 2013, a long-term cooperation plan was signed, the "EU-China 2020 Strategic Agenda for Cooperation", which explicitly includes the realisation of a single bilateral investment treaty as being of primary importance, as well as negotiation for an agreement on Geographical Indications. In EU-China relations specifically related to Geographical

Indications, the first step was taken in 2007, with a pilot agreement that saw the conclusion, in 2012, of the "10+10" project **for the mutual recognition of ten protected indications per party** (two of which were Italian). The aim of the project – reaffirmed over the following years – was to achieve the mutual recognition of a **package of 100 Geographical Indications**: it was definitely profitable, as demonstrated by France's recent success in 2016, when it obtained protection for 50 important wine designations of origin in China. As for EU negotiations, the most recent step forward was in October 2016, when, on the occasion of the 6th EU-China High Level Economic and Trade Dialogue, the parties expressed their wish to **conclude negotiations for an agreement on Geographical Indications** in the first half of 2017.



## EU-CHINA AGREEMENT

2007	"10+10" Pilot project.
Present	EU-China High Level Economic and Trade Dialogue.
Countries	EU-China.
What it regulate	Currently there is mutual recognition of 10 Geographical Indications per party: there are ongoing negotiations for an agreement on GIs.
Market	China is the EU's second largest trading partner for agri-foods and the first in terms of growth: EU agri-food exports to China reached 11.4 billion Euros in 2016 (annual growth of 10.3%), equal to 9% of total agri-food exports.



## D3

## NEW DEVELOPMENTS IN PROTECTION

## 1. DIGITAL AGREEMENTS

## Highlights

The web is a global “ordinary market”, showing strong growth in the sales of Food products

The protection of products and consumers demands timeliness and authoritativeness

The web offers real-time protection solutions for reducing intervention costs

Whereas the protection of geographical marks and intellectual property rights against counterfeiting at international level is no easy task, defending PDO and PGI products on the world wide web is - in theory – even harder, for two well-defined reasons:

- lack of an international legal framework
- the hyperconnected nature of commercial trading

In fact this sector is like a hothouse of “wild” innovation, open to political and commercial protection solutions (and promotion) that are much more advanced than those identified in traditional international distribution channels.

To defend Geographical Indications as they floated around in a legal vacuum, it was a top priority to find solutions – on the part of institutions and operators – to guaranteeing real-time interventions for the protection of agri-food products. The most effective solution, particularly for institutions, is agreements with the new players in the “internet supply chain”, in particular e-commerce platforms, big search engines and private companies that manage web domains. At the top of the list, global e-commerce platforms (eBay, Amazon, Alibaba) with whom it is fundamental to sign new collaboration protocols to block the sales of counterfeit products and sales flows; search engines (Google, Yahoo, Baidu), which web index systems and direct thousands of users, having the power to exclude “counterfeited”

search results; private companies that manage top-level domains (. Wine,. Pizza,. Chianti, etc.), with which agreements are needed to protect the brand owners associated with the designation of origin. Despite commercial or institutional agreements on the web being pioneering manoeuvres, in recent years there have also been several successful case histories that have demonstrated which tools should be first used to regulate trade and the potential that comes with it, with a significant amount of interventions by public authorities for the protection of Geographical Indication products.



## D3

## NEW DEVELOPMENTS IN PROTECTION

## 1.1 E-COMMERCE

In the agri-food sector, E-commerce is now well-established as a **primary business driver for relationships between businesses and consumers**. This has been proved by both the growth in global agri-food consumption and the revolution generated by major e-commerce platforms such as Amazon, eBay and Alibaba, whose development strategies put primary emphasis on the sale of food products. Through new sales and distribution services, they will soon be able to offer millions of people around the world the possibility to shop, meeting the high demand for traditional and Geographical Indication products. Due to the hyperconnected nature of this sales channel, big

online stores allow a **large number of counterfeit Geographical Indication products to be put on sale**. The Italian Government was the first to achieve effective results in the protection of PDOs and PGIs on the Web, in collaboration with industry representatives, who of course want to defend their position as world leader in the GI agri-food sector, as well as the excellent reputation of the “made in Italy” brand throughout the world. To put a stop to the usurpation of the PDO PGI marks, two unprecedented innovative public-private agreements were reached, dedicated exclusively to Geographical Indications.

● **Best practice: new agreements**



The first agreement in 2014 - renewed in 2016 - was signed between the Italian Ministry of Agricultural, Food and Forestry Policies, eBay, the

Italian Association of Geographic Indication Consortia (AICIG) and the National Confederation of Voluntary Consortia for the Protection of the Designations of Italian Wines (FEDERDOC). Using the eBay protocol, adverts in which violations relating to PDO and PGI products are removed.

At the same time, the Italian Central Inspectorate for fraud repression and quality safeguarding of agri-food products (ICQRF) implements procedures for the ex officio protection of products throughout the European Union, by blocking the marketing of the detected products. The protocol assigns a central role to the Verified Rights Owner programme (VeRO), a system that relies on more than 37 thousand active users and which allows the holders of intellectual property rights (such as copyright, registered trademarks or patents) to report any violations. Through the VeRO Programme, the Central Inspectorate for fraud repression and quality safeguarding of agri-food products (ICQRF) sends “notifications of infringement of intellectual property rights in relation to PDO and PGI products” to eBay.



The agreement with Alibaba to combat counterfeiting, involving more or less the same organisa-

tions and processes as those of the eBay agreement, began in 2015, and the results are astounding: it stopped the monthly sale of 99 thousand tons of counterfeit Parmigiano Reggiano PDO, 10 times more than the authentic product, and 13 million bottles of Prosecco PDO which didn't come from the territory of origin. Protection which, since 2016 - thanks to an agreement reached between the Italian Prime Minister and the owner of the e-commerce giant - has been extended from the b2b-platform, only accessible to companies, to the b2c platform, guaranteeing the 430 million users of the Alibaba website network genuine Made in Italy products and protecting companies with certified products.

In order to identify counterfeit products, the Ministry of Agricultural Policies has set up a task force of fraud repression Inspectors, who search daily for counterfeit products and report them to Alibaba. Within 3 days, the adverts are removed and the sellers informed that they are usurping Italian Geographical Indications. With the new agreement, Alibaba is also committed to promoting the importance of Geographical Indications to both sellers and consumers.



## D3

## NEW DEVELOPMENTS IN PROTECTION

## 1.3 SEARCH ENGINES

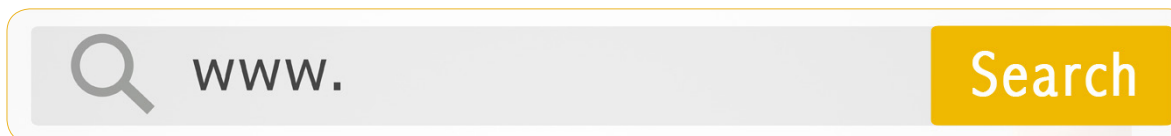
The digital factor is a strong tool at several levels for the agricultural and food economy in terms of dissemination of information: it gives the consumer more efficient (origin and traceability, certification and quality) and immediate (circulation of reputation) information on the product; it permits company owners to produce and distribute their products more efficiently, to communicate more directly with suppliers and customers, but also to improve their marketing and communications "know-how".

The exemplary cases of TripAdvisor and Booking.com, in the tourism and food service sectors, have demonstrated how the majority of today's purchases are made. The online market is characterised by a high level of communication between producers and consumers, and can be compared to a global, dynamic and more transparent conversation, where those who are making the offer have the chance to create a credible story that is able to recount the distinctiveness of their products. **The digital channel has structural characteristics that are ideal for transmitting the true qualities of GI food, using strategic projects that involve the public and the individual acting on certain factors in a coordinated manner**, including the orientation of search engines to create high visibility "windows" and the adoption of strategic policy analysis tools for the virtual market, able to guide us towards a complete commercial development.

In this context, **the real consumer guidelines are dictated primarily by big global players like Google and Yahoo, and in second place by the**

**research databases of leading industry websites** that contain sensitive information about the product and direct links to sale points. Collaborating with these individuals on the protection of products poses both difficulties and very high potential. Of course, concrete developments are only possible by involving an entire system, composed of public institutions, private representatives and companies.

**Once again it was the Italian Government, together with the Ministry of Agricultural, Food and Forestry Policies, to launch an innovative pilot initiative with the giant Google.** Still in development stages, this partnership initiative between Google, with its Cultural Institute, the Ministry of Agriculture and Unioncamere (the Italian Chambers of Commerce Union) is aimed at creating a google.it/madeinitaly platform, a web showcase for bringing Italian businesses closer to the internet and its great economic and export potential, thereby fighting imitative products. Through about a hundred initiatives and digital exhibitions, made up of short stories in Italian and English, images, videos and historical documents, users around the world can find out about the excellent products in the PDO and PGI food system, their history and their link with the territory. The U.S. multinational announced two very interesting elements of development for the project, currently on hold, in order to offer effective digital protection: the development of a Google platform for the online sales of Italian food products, and a digital educational project focusing on Geographical Indication companies, especially SMEs, the true cornerstone of the Italian PDO PGI sector.





● **Web protection results - ICQRF 2016**



REPORT	NUM.	GIs
<b>EX OFFICIO Reports</b>	787	Prosciutto di San Daniele PDO, Prosciutto di Parma PDO, Mortadella Bologna PGI, Parmigiano Reggiano PDO, Grana Padano PDO, Pecorino Romano PDO, Pecorino Toscano PDO, Pecorino Siciliano PDO, Asiago PDO, Taleggio PDO, Gorgonzola PDO, Mela Alto Adige PGI, Toscano PGI, Riviera Ligure PDO, Garda PDO, Aceto Balsamico di Modena PGI PDO PGI Wine
<b>EBAY Notifications</b>	394	Prosciutto di San Daniele PDO, Prosciutto di Parma PDO, Mortadella Bologna PGI, Parmigiano Reggiano PDO, Grana Padano PDO, Pecorino Romano PDO, Pecorino Toscano PDO, Pecorino Siciliano PDO, Asiago PDO, Taleggio PDO, Gorgonzola PDO, Mela Alto Adige PGI, Toscano PGI, Riviera Ligure PDO, Garda PDO, Aceto Balsamico di Modena PGI PDO PGI Wine
<b>ALIBABA Notifications</b>	98	Prosciutto di San Daniele PDO, Prosciutto di Parma PDO, Mortadella Bologna PGI, Parmigiano Reggiano PDO, Grana Padano PDO, Pecorino Romano PDO, Pecorino Toscano PDO, Pecorino Siciliano PDO, Asiago PDO, Taleggio PDO, Gorgonzola PDO, Mela Alto Adige PGI, Toscano PGI, Riviera Ligure PDO, Garda PDO, Aceto Balsamico di Modena PGI PDO PGI Wine
<b>AMAZON Notifications</b>	148	Prosciutto di San Daniele PDO, Prosciutto di Parma PDO, Mortadella Bologna PGI, Parmigiano Reggiano PDO, Grana Padano PDO, Pecorino Romano PDO, Pecorino Toscano PDO, Pecorino Siciliano PDO, Asiago PDO, Taleggio PDO, Gorgonzola PDO, Mela Alto Adige PGI, Toscano PGI, Riviera Ligure PDO, Garda PDO, Aceto Balsamico di Modena PGI PDO PGI Wine
<b>TOTAL WEB CONTROLS</b>	<b>1.427</b>	

## D3

## NEW DEVELOPMENTS IN PROTECTION

## 2. CLASS ACTION

## Highlights

*Shifting the focus on consumer protection could be an effective way to support the protection Consortia's work and companies with Geographical Indication products. Ever increasing consumer awareness and growing interest in receiving accurate and transparent information about food, can become a strategic tool for combating counterfeiting phenomena.*

**A survey conducted in 2015 by the protection Consortium of Parmigiano Reggiano PDO on the U.S. market, once again clearly revealed the economic and social dimension of "Italian sounding" on the largest non-EU market for Geographical Indications.** From an economic point of view, the Consortium survey underlines the quantities of counterfeit products, distributed as "Parmesan", which amount to an incredible 100 thousand tons. But the most interesting finding of the survey was related to society's perception of evocative phenomena. For 66% of U.S. consumers, in fact, the term "parmesan" is not generic at all - as still argued today by American dairy industries - identifying a hard cheese with a specific geographical origin, which 90% of respondents confidently indicated was Italy. Basically, two-thirds of U.S. consumers are victims of misleading labelling. **The survey opened up a new perspective for GI products, bringing up objective elements in support of the non-generic nature of designations, and highlighting the completely misleading use of symbols and elements that are evocative of origin.**

In contrast to the deceptive practices related to the origin of food products, this new point of view was **reinforced by a ruling made in 2015 by a federal judge in Miami** - to be exact, it was a settlement with consumers who had filed a class action - **who sentenced the company owner of the Beck's brand for misleading statements on the label.** For years the company had been selling what was described to be a quality "made in Germany" beer on the U.S. market, at a higher price than that of the average domestic beers, but which was actually produced entirely in the Unitec

States with the use of local ingredients. In the written settlement, there are several references to territorial origin and the importance of raw materials and processing; all characteristics inherent to the European Union PDO and PGI system. The class action described above shows a greater awareness on the part of U.S. consumers, who are increasingly more concerned about receiving correct and transparent information on food. **This experience can provide a replicable model, because it states in black and white that charging a premium price for a product that evokes a geographical origin with symbols and without just reason, amounts to misappropriation of the value of a product.**





Section  
**E**

# ACETO BALSAMICO DI MODENA PGI

## E1. From balsamic vinegar to PGI

1. History and certification
2. Product characteristics

## E2. Statistics for Aceto Balsamico di Modena PGI

1. Production
2. Economic value
3. Export and destination markets

## E3. The Aceto Balsamico di Modena PGI Protection Consortium

1. Role and structure of the protection Consortium
2. Protection
  - Legal protection
  - The control system and the uniqueness of PGI product
  - Commercial control
  - Brand registrations
3. Promotion
  - Digital channels
  - Media campaigns
  - Events
  - Community programmes

**FOCUS.** The processed products market

**FOCUS.** "Sistema Foglie"





# Intro

**Aceto Balsamico di Modena PGI** is an “international star”, one of the most exported and famous made in Italy Food products in the world: the **term balsamic** specifically identifies it among consumers in the over **120 countries** that make up the target market. A 100% Italian product –produced in the provinces of Modena and Reggio Emilia – with a production of over **94 million litres** and a turnover of **1 billion Euros**. Extraordinary results for a specialty that has ancient roots and traditions, but which saw business explode over just a few years, thanks largely to the PGI recognition in 2009. Since then, the figures for Aceto Balsamico di Modena PGI have continued to grow: in six years, from 2010 to today, total certified production has increased by **+37%**, exported production by **+57%** and business by **+108%**.





## E1

## FROM BALSAMIC VINEGAR TO PGI

## 1. HISTORY AND CERTIFICATION

## Highlights

1933

*First Ministerial decree*

1965

*First National law*

1993

*Establishment of the producers Consortium*

2009

*EU registration Aceto Balsamico di Modena PGI*

The first document on Balsamic Vinegar from Modena is dated 25 March **1933**, when the Ministry of Agriculture first recognised, with an official act, the “secular and characteristic industry of Balsamic Vinegar in Modena”. Thirty years later, in **1965**, the Official Journal published a product specification for the “Composition characteristics and preparation methods of Balsamic Vinegar from Modena.” In **1993**, the producers Consortium was established, which works to improve the product specification and protect the proper use of the Aceto Balsamico di Modena designation in commerce and consumption: the following year (**1994**) the first application for its registration as a PGI was filed, followed 10 years later (**2004**) by the submission of a revised application. The process was concluded in July **2009**, when the European Commission registered the Aceto Balsamico di Modena designation in the register of Protected Geographical Indications.

The PGI certification has led to a regulated market for the Balsamic Vinegar from Modena and has guaranteed the product’s link to its territory of origin, namely the provinces of Modena and Reggio Emilia. The production area of Aceto Balsamico di Modena PGI has a high presence of grapes with the ideal concentration of sugars and acidity. This is thanks to the subtropical climate that promotes the growth of acetic acid bacteria, which have a decisive influence on the maturing and aging process. Aceto Balsamico di Modena PGI is unique in the world because it is closely linked to the knowledge, traditions and skills of the local population. Thanks to

this uniqueness, it is considered a symbol of Modena’s culture and history, and has been recognised as a Protected Geographical Indication because of these qualities. The Consortium is continuously involved in activities to protect and control markets in which there is the presence of similar products mistakenly associated with Aceto Balsamico di Modena PGI.



### ● The History of Balsamic Vinegar

The practice of cooking the grape must is part of an ancient tradition that dates back to the Romans: the so-called *sapum* was used both as a medicine and as a sweetener and condiment in cooking. The production of this extremely distinct vinegar has been linked to Modena since the 11<sup>th</sup> century and over time it has become synonymous with the culture and history of a unique territory thanks to its soil, climate conditions, knowledge and human abilities. In 1046, Bonifacio, Marquis of Tuscany and father of Matilda of Canossa, payed homage to the Holy Roman Emperor Henry III, who was journeying through the Po Valley, with a "perfect vinegar", as documented by the Abbot and historian

Donizone, the Countess's biographer. At the end of the 13<sup>th</sup> century, the art of vinegar production was developed at the Este Court in Modena. However, it was only in 1747, in the registers for the Este Dukes' cellar, that the term balsamic appeared for the first time: the records show half balsamic and refined balsamic, which correspond to today's Aceto Balsamico di Modena PGI and Aceto Balsamico Tradizionale di Modena PDO. A few decades later, in 1800, Balsamic Vinegar from Modena started to be appreciated and well-known internationally thanks to its presence at the most important exhibitions in that period, from Florence to Brussels. Still in the 19<sup>th</sup> century, the first dynasties of producers appeared, some of which are still operating today and members of the Aceto Balsamico di Modena PGI Protection Consortium.



## E1

## FROM BALSAMIC VINEGAR TO PGI

## 2. PRODUCT CHARACTERISTICS

Aceto Balsamico di Modena PGI is a condiment made from grape must and wine vinegar, aged in wooden barrels for variable periods of time. Two types are produced: "Aceto Balsamico di Modena PGI" and "Aceto Balsamico di Modena PGI Invecchiato" (aged). In addition to delimiting its **range** within the provinces of Modena and Reggio Emilia, the product specification also determines the characteristics of the two **raw materials** (cooked and/or concentrated must and wine vinegar) and sets out a series of **analytical and organoleptic requirements** that the product must meet: among the most obvious to the consumer is the minimum acidity of 6%, which must also be balanced with the sweetness, and its dark brown colour. Within the limits of

the product specification, producers are also able to obtain products with very different characteristics, methods of use and price. Aceto Balsamico di Modena PGI is placed on the market year-round, packaged in glass, wood, ceramic or terracotta containers, with various capacities that are well-defined in the product specification, or in single-dose bags weighing 25 ml. The wording Aceto Balsamico di Modena is written on each **container**, accompanied by the Protected Geographical Indication and, if the product has been aged for a period exceeding three years, the word "Invecchiato". Producers associated with the Protection Consortium may also use the Consortium's logo on the label.

### ● Production Method

Aceto Balsamico di Modena PGI is made exclusively from the Lambrusco, Sangiovese, Trebbiano, Albana, Ancellotta, Fortana and Montuni grape varieties. Wine vinegar (minimum 10%) and one part vinegar that is at least 10 years old are added to the must, which can be either fermented or partly cooked, or concentrated. The proportions of cooked and / or concentrated grape must cannot be less than 20% of the total quantity of the initial product that is to be processed. It is also possible to add caramel, and nothing else, for up to a maximum of 2% of the volume of the finished product. It is prohibited to add any other substance. The transformation occurs with the classic method of slow acetification, using selected bacterial colonies, in wooden barrels (e.g. oak, chestnut, oak, mulberry or juniper), where the product is also left to mature for a minimum period of 60 days. Aging can be extended according to the producer's specifications: the product can be labelled as "Invecchiato" (aged) if it is left for over 3 years in wooden barrels.

The Aceto Balsamico di Modena PGI is reserved for vinegars presenting the following characteristics:

- clear and bright appearance;
- deep brown colour;
- balanced sweet and sour taste;
- slightly acetic and long-lasting delicate smell, with possible woody notes;
- density of no less than 1.06 at 20° C for the aged product;
- actual alcohol content not exceeding 1.5%;
- 6% minimum total acidity;
- total SO<sub>2</sub>: maximum 100 mg/l;
- ashes: minimum 2.5 per one thousand;
- net dry extract: minimum 30 g/l;
- reducing sugars: minimum 110 gr/l.

**CSQA**  
YOUR QUALITIES OUR VALUE  
Certification Body

FOCUS

## E2

## STATISTICS FOR ACETO BALSAMICO DI MODENA PGI

## 1. PRODUCTION

## Highlights

73

Vinegar cellars

94

million litres  
Annual production

400

million €  
Production value

1

billion €  
Consumer value

90%

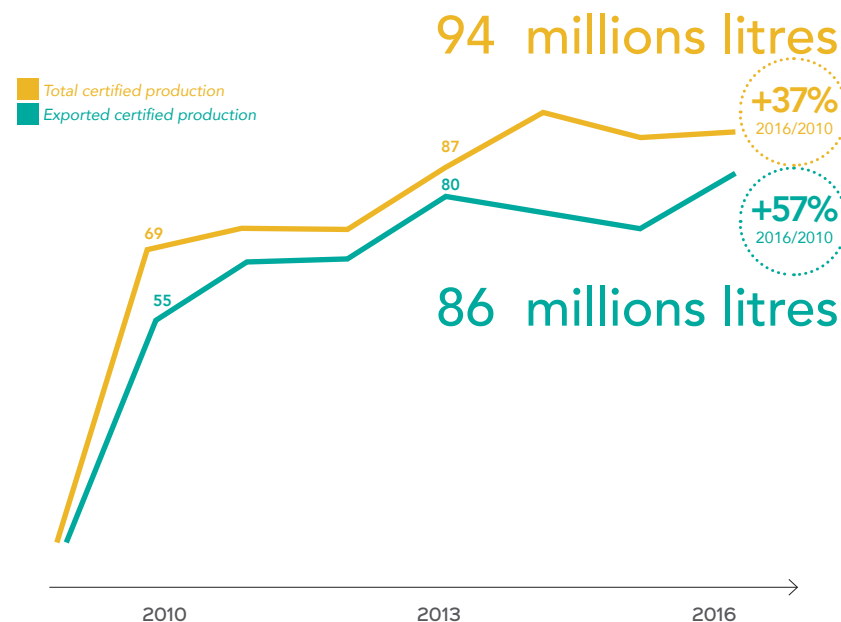
Export percentage of production

**PRODUCERS** - The world of Aceto Balsamico di Modena PGI is made up of 73 vinegar cellars, 107 wineries, 52 concentrating plants and 157 packaging companies, for a **total number of employees that exceeds 1,000 people**. The certified operators are all situated within the provinces of Modena and Reggio Emilia, with the exception of a few packaging companies (according to the product specification, the finished product may be packaged outside the geographical area of origin by authorised operators that are controlled by the Certification body). There are currently 48 company members of the Aceto Balsamico di Modena PGI Consortium, belonging to various categories of the supply chain (must producers, vinegar cellars and bottlers), representing over 98% of the total certified production.

**CERTIFIED PRODUCTION** - The control Body authorised by the Ministry of Agricultural Policies (CSQA Certificazioni S.r.l.) certifies each batch before release for consumption, registering the total volumes produced annually. In 2009, the year the Geographical Indication was registered, more than 12 million litres of product was certified, increasing to 69 million litres in 2010, the first year of production as a PGI, and exceeding 94 million litres in 2016, increasing by 37% in just six years in total certified production and increasing by 57% in exported certified production.

## CERTIFIED PRODUCTION TRENDS

Aceto Balsamico di Modena PGI - MILLIONS OF LITRES



Elaboration by the Qualivita Foundation on Consortium data.



## E2

## STATISTICS FOR ACETO BALSAMICO DI MODENA PGI

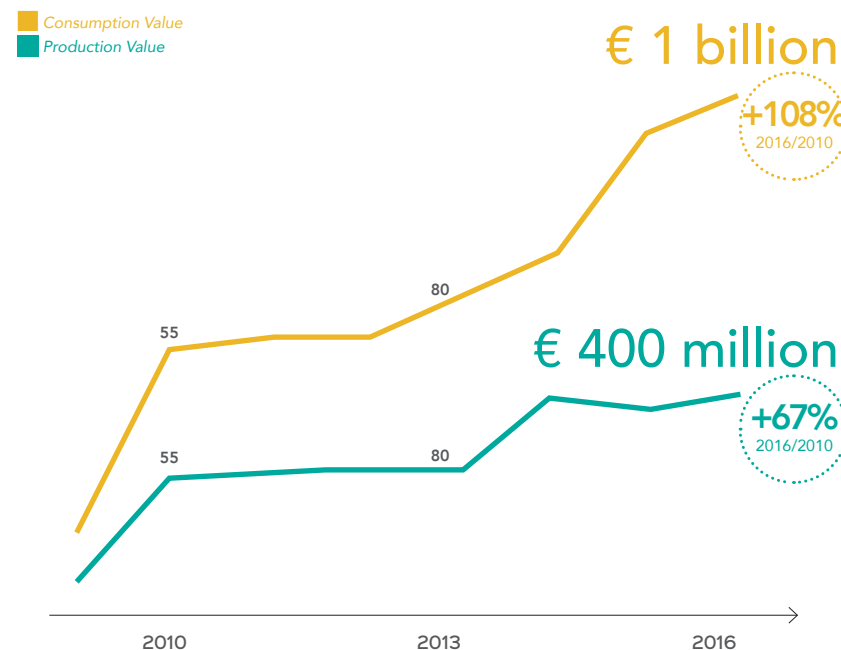
## 2. ECONOMIC VALUE

The production value of Aceto Balsamico di Modena PGI is currently estimated at around **400 million Euros**, while sales revenue is about **1 billion Euros**. Both the above values take into consideration both the production of Aceto Balsamico di Modena PGI, sold as such, and the percentage intended for composite products (glazes, sauces, condiments). We are talking about a growth of **+67% in production value in just six years** and an incredible **+108% in consumer value**, results that put Aceto Balsamico di Modena PGI in the top ten Italian PDO PGI specialties – alongside products such as Grana Padano PDO, Parmigiano Reggiano PDO, Prosciutto di Parma PDO, Mozzarella di Bufala Campana PDO, Mortadella Bologna PGI, Gorgonzola PDO, Prosciutto di San Daniele PDO. Different types of Aceto Balsamico di Modena PGI are put on the market: each vinegar cellar, within the dictates of the specification, is able to obtain very different products and for this reason there is a very wide range of prices. To date the only category of these products recognised by the product specification is label-

led as "Invecchiato" (aged), which is aged in barrels for at least 3 years: the average price for Aceto Balsamico di Modena PGI is estimated at €10/litre, while for Aceto Balsamico di Modena PGI Invecchiato it is €40/litre.

## PRODUCTION AND CONSUMPTION TRENDS

Aceto Balsamico di Modena PGI - Millions of Euros



Elaboration by the Qualivita Foundation on Consortium data.

## E2

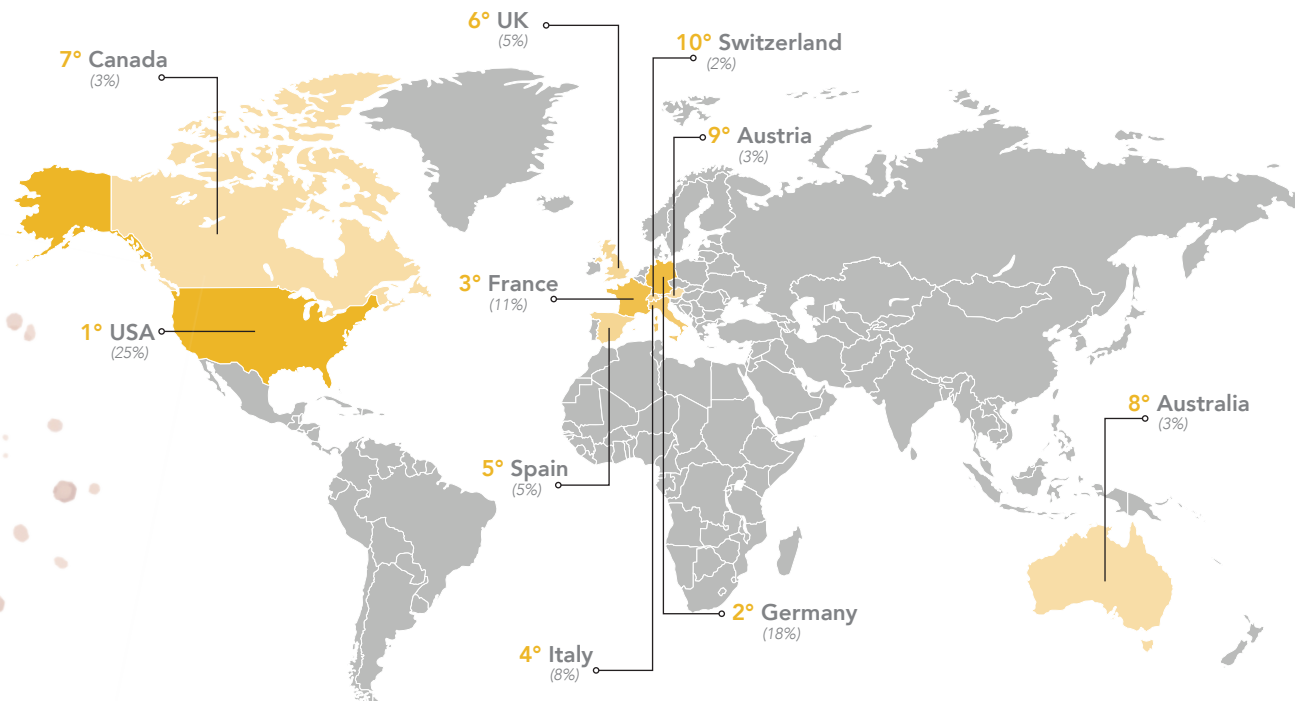
## STATISTICS FOR ACETO BALSAMICO DI MODENA PGI

## 3. EXPORT AND DESTINATION MARKETS

90% of Aceto Balsamico di Modena PGI production is exported to 120 countries, which makes it **the top product for Italian PDO PGI exports**: with a revenue estimated at around 750 million euros (for average export price), it is equal to a **quarter of the overall business for made in Italy PDO PGI products on foreign markets**.

The main market is the United States, which absorbs 25% of commercialised Aceto Balsamico di Modena PGI, followed by Germany and France. Italy is the fourth market.

## MAP WITH THE FIRST TEN COUNTRIES



€ 750 million  
Export Value

1° Italian GIs  
Export Value

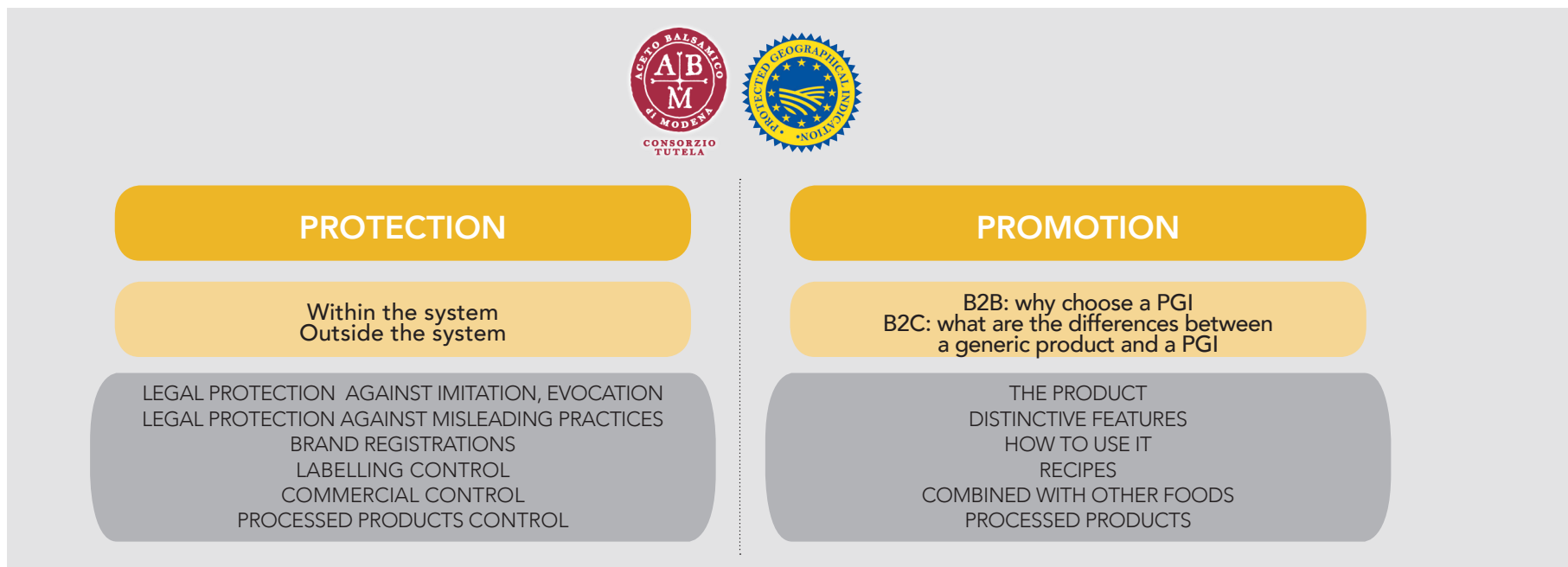
Elaboration by the Qualivita Foundation on Consortium data.



## E3

## THE ACETO BALSAMICO DI MODENA PGI PROTECTION CONSORTIUM

## 1. ROLE AND STRUCTURE OF THE PROTECTION CONSORTIUM



**INTRODUCTION:** the Aceto Balsamico di Modena PGI Protection Consortium is the institutional organisation that manages the collective trademark and works on behalf of all producers associated with the PGI system, within two micro-areas: **protection** and **promotion**.

**ESTABLISHMENT OF THE CONSORTIUM:** in 2009, following the PGI certification, producers and institutions started working on setting up the Aceto Balsamico di Modena PGI Protection Consortium, inaugurated in 2013 and **officially commissioned by the Ministry of Agricultural Policies in January 2014**, thereby becoming a recognized body within the Italian GI System (see Sect. 1.3) and initiating the promotion and protection initiatives provided for in the Statute.

**ORGANISATIONAL STRUCTURE:** the Aceto Balsamico di Modena PGI Protection Consortium is governed by a Board of Directors consisting of a **Chairman** and **board members** chosen from among the representatives of the individual members. Operational activities are coordinated by a **Director** who manages the resources and staff in the **areas of marketing, communication** (Press Office) and **legal protection**, in addition to the direct control actions carried out in markets by **public safety officers** recognised by the Ministry of Agricultural Policies and registered in the apposite register.

## Protection activities

The activities of the Aceto Balsamico di Modena PGI Protection Consortium are aimed at guaranteeing **legal protection** against the imitation and evocation of the product and against misleading practices and unfair competition on the market, at managing the **registration of the trademark** in non- EU countries and at carrying out **commercial surveillance and control activities** on the domestic and international markets – and on the web – in collaboration with the competent public forces.

# E3

## THE ACETO BALSAMICO DI MODENA PGI PROTECTION CONSORTIUM

### 2. PROTECTION - LEGAL PROTECTION AND COMMERCIAL CONTROL

#### LEGAL PROTECTION

The Aceto Balsamico di Modena PGI Protection Consortium initiates lawsuits in Italy and abroad and works directly with producers and retailers for the regularisation of imitative or evocative products. At the beginning of 2017, there were ongoing proceedings in **Italy** and **Germany**.

#### COMMERCIAL CONTROL

The Aceto Balsamico di Modena PGI Protection Consortium executes controls through **public safety officers** recognised by the Ministry of Agricultural Policies, who mainly perform activities at the commercialisation stage and who can carry out inspections and sampling: in this ambit, it collaborates with public surveillance authorities for the removal of fraudulent products from the market, **including those online**.

#### ● 2017 - Joint market monitoring activities

Currently the Aceto Balsamico di Modena PGI Protection Consortium is engaged in collective commercial monitoring initiatives together with other Protection Consortia for certified products (Grana Padano PDO, Parmigiano Reggiano PDO, Prosciutto di Parma PDO, Mozzarella di Bufala Campana PDO, Prosecco PDO). This activity – for 2017 – is supported by the Ministry of Agricultural Policies and regards both the European and non-European markets (Austria,

Belgium, Denmark, France, Germany, Luxembourg, Norway, Netherlands, Poland, United Kingdom, Czech Republic, United States of America, Switzerland). The verifications concern: monitoring Large-scale retail stores and specialty retailers, identifying and sampling irregular products (fake brands, evocation of Geographical Indications), the execution of specific services requested by the Consortium in question.

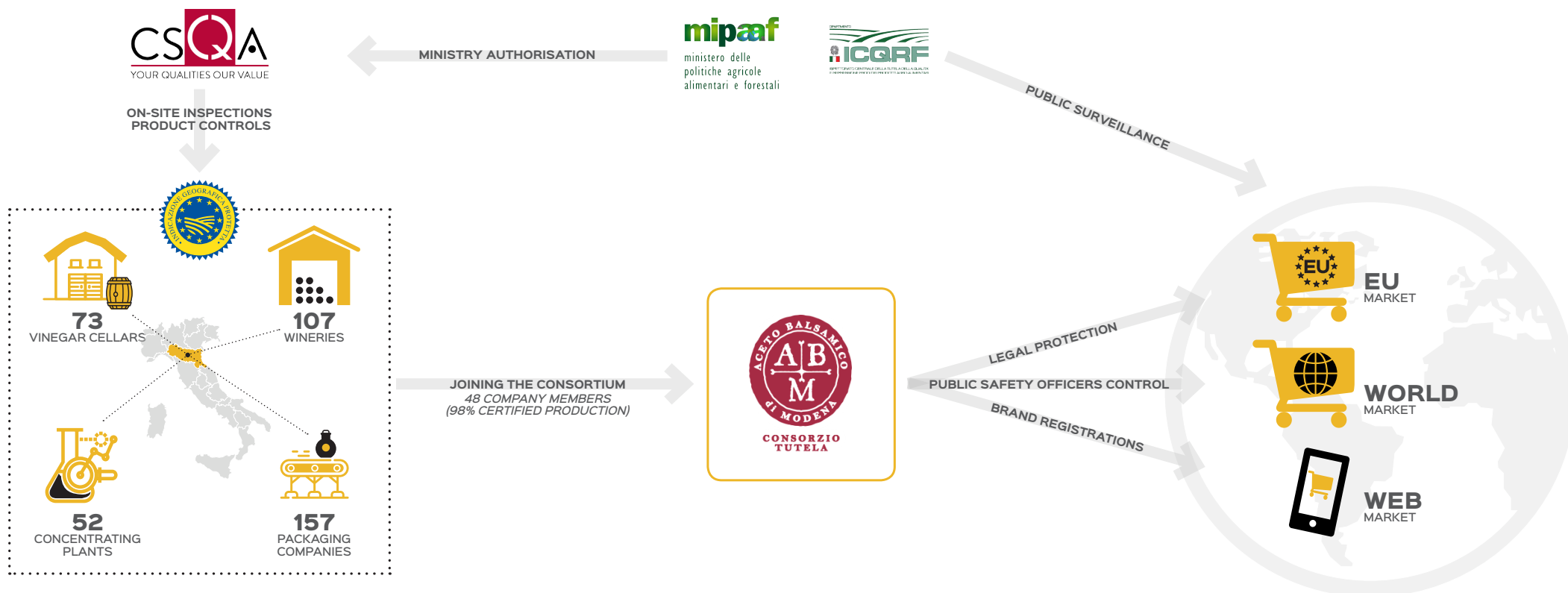
FOCUS



E3

## THE ACETO BALSAMICO DI MODENA PGI PROTECTION CONSORTIUM

## 2. PROTECTION - THE CONTROL SYSTEM AND THE UNIQUENESS OF PGI PRODUCT



The control system of the Aceto Balsamico di Modena PGI supply chain consists in a complex organization which involves three parties: **CSQA Control Body** (third part body authorized by the Ministry of Agricultural, Food and Forestry Policies which carries out the verification of the requirements of the specification through on-site inspections at the production companies through the application of a Control Plan, a document approved by MIPAAF that contains “what” has to be controlled (standard requirements) and the control method (“how” to control the requirements); **Public Authority MIPAAF-ICQRF** (recognized by the European Commission) which carries out public surveillance and control activity; **Surveillance Agents of the Consortium** (authorized by the Ministry of Agricultural, Food and Forestry Policies) which carry out control actions through sampling and on-site inspections during the commercialization step.

***The complexity of the control system leads to the collection of resources from the PGI adherers, but it also guarantees the quality, the originality and the uniqueness of the product and its protection in the international markets.***

## E3

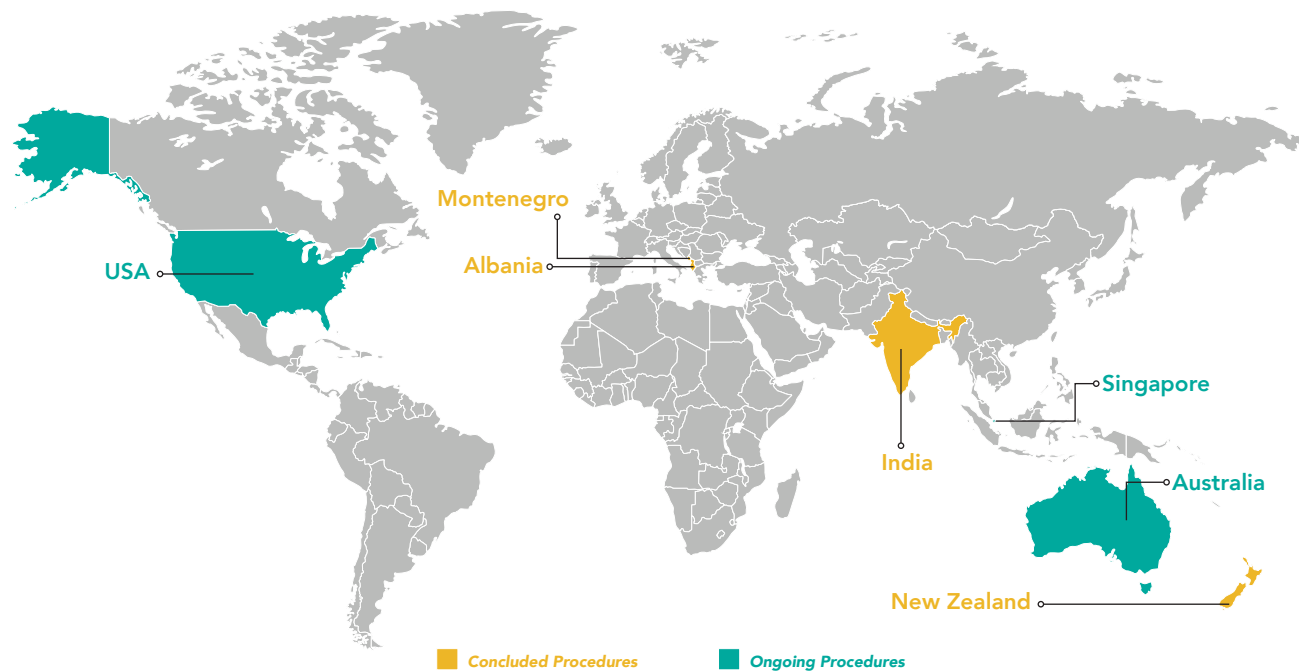
## THE ACETO BALSAMICO DI MODENA PGI PROTECTION CONSORTIUM

## 2. PROTECTION - BRAND REGISTRATIONS

## BRAND REGISTRATIONS

The Aceto Balsamico di Modena PGI Protection Consortium registers the trademark in countries outside the EU (at the beginning of 2017, proceedings were successfully concluded in: Albania, Montenegro, India, New Zealand; ongoing procedures: USA, Singapore, Australia).

## REGISTRATION OF THE ACETO BALSAMICO DI MODENA BRAND IN NON-EU COUNTRIES (2017)



Elaboration by the Qualivita Foundation on Consortium data.

● **Recognition and protection in the world**

Market	Reg. / Agreements	Protection
EU	<ul style="list-style-type: none"> <li>• EU Reg. 1151/2012 – Quality Package</li> <li>• 1994 - WTO - TRIPS AGREEMENT</li> <li>• 1958/2015 - WIPO - LISBON AGREEMENT</li> </ul>	I. Any direct or indirect commercial use of a registered designation by generic products. II. Any usurpation, imitation or evocation of a protected designation (even if accompanied by "style", "type", "method"). III. Any false or misleading indication as to the provenance and origin of the product. IV. Any false or misleading indication as to the nature or essential qualities of the product.
USA	<ul style="list-style-type: none"> <li>• 1994 - WTO - TRIPS AGREEMENT</li> <li>• 2006 - EU-USA WINE AGREEMENT</li> </ul>	Protection of GIs against being used in such a manner as to mislead the public and unfair competition, as well as against the coexistence of homonymous Geographical Indications (in accordance with the 'first in time, first in right' rule). Protection of European wine designations in the United States and EU wines are exempt from U.S. certification requirements.
CANADA	<ul style="list-style-type: none"> <li>• 2017 - CETA AGREEMENT (EU-CANADA)</li> <li>• 1994 - WTO - TRIPS AGREEMENT</li> </ul>	Elimination of custom duties on most goods and services and mutual recognition of certification for a wide range of products, with the protection of 140 European Geographical Indications (including Aceto Balsamico di Modena PGI) on the Canadian market.

**European Community Legislation** on Geographical Indications is the most developed and consistent system in the world which guarantees efficient tools of protection and immediate administrative actions to stop and prevent an improper use against the certified agrifood products in the Members Countries market. However, there are several international **bilateral and multilateral agreements** between the UE and Countries having the most important and significant international marketplaces.

***The value of the GIs is internationally recognized and it is protected throughout the global markets by control and protection system.***

FOCUS

## Promotion activities

The Protection Consortium's **promotion** and **communication** activities are aimed at promoting awareness of Aceto Balsamico di Modena PGI and disseminating the culture, communicating directly with both end consumers and the media, and distributors and buyers. To this end, and in order to protect the product, in particular on more distant markets, the Consortium is a member of national and international representative and protection bodies (such as AICIG – Italian Association of Geographical Indication Consortia, OriGIn – Organization for an International Geographical Indications Network).

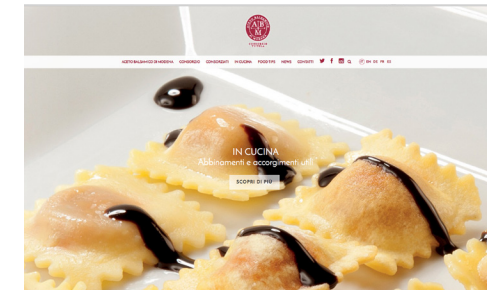
# E3

## THE ACETO BALSAMICO DI MODENA PGI PROTECTION CONSORTIUM

### 3. PROMOTION - DIGITAL CHANNELS

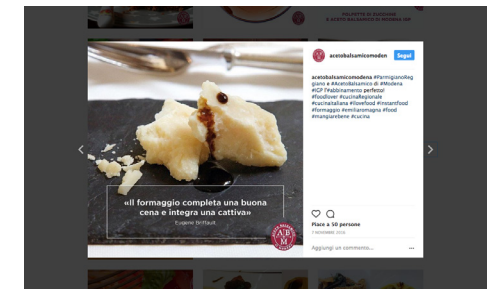
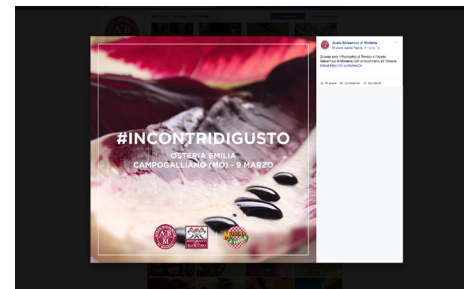
#### WEBSITE

The Aceto Balsamico di Modena PGI Protection Consortium operates constantly on its website ([www.consorziobalsamico.it](http://www.consorziobalsamico.it)), publishing news on institutional activities and columns with contributions from chefs, food bloggers, influencers and sectorial operators.



#### SOCIAL NETWORK

The Aceto Balsamico di Modena PGI Protection Consortium manages its communications through the main social networks (Facebook: @AcetoBalsamicodiModenaIT; Twitter: @TutelaBalsamico; Instagram: acetobalsamicomodena)





## E3

## THE ACETO BALSAMICO DI MODENA PGI PROTECTION CONSORTIUM

## 3. PROMOTION - MEDIA CAMPAIGNS, EVENTS AND COMMUNITY PROGRAMMES

## MEDIA CAMPAIGNS

The Aceto Balsamico di Modena PGI Protection Consortium implements media campaigns in general interest and sector-specific magazines, targeted at consumers and operators in the restaurant industry.



## EVENTS

The Aceto Balsamico di Modena PGI Protection Consortium participates in national and international events and fairs, as well as coordinating annual events (for example, "Vinegar Cellars Open Day"), which attract great media and public attention.



## COMMUNITY PROGRAMMES

The Aceto Balsamico di Modena PGI Protection Consortium participates in European programmes (for the triennium 2017-2020, a promotional activity has been planned for the USA) and national and regional programmes (for the triennium 2017-2020, investments have been made in activities aimed at food bloggers, cooking schools, participation in fairs, production of communication materials, media and internet campaigns).

## FOCUS



# ACETO BALSAMICO DI MODENA PGI: THE PROCESSED PRODUCTS MARKET

The processed products sector clearly represents a great opportunity for PDO and PGI specialties, with obvious benefits in terms of visibility and sales volumes. However, partnerships with companies in the food industry need to be governed as much as possible and associating them with quality products needs to be carefully evaluated, so as not to “trivialise the value” of the GI product and to avoid the risk of downgrading to a simple “commodity”.

Correct communication is also important, so as not to cause confusion among consumers and ensure that they can clearly distinguish the GI product in its various forms on the market. The protection Consortium verifies the correct use of the GI and agrees on how the processed products that use the GI products as an ingredient should indicate the GI on the label.

The sector of food compounds and food products that use Aceto Balsamico di Modena PGI as an ingredient is booming. Last year, the Consortium issued approvals for **1,146 products**, mostly sauces and condiments with various flavourings, but also for fruit compotes, jams and jellies, pickled vegetables, desserts, pizzas, sausages and cheeses. Just under **20 million litres** of Aceto Balsamico di Modena PGI are used every year as an ingredient in other products, accounting for about 21% of the total quantity produced. The revenue from these processed products as a whole is estimated to be about **1.3 billion Euros**, while the production value and consumer value of the Aceto Balsamico di Modena PGI used in these products is respectively about 100 million Euros and **250 million Euros**.

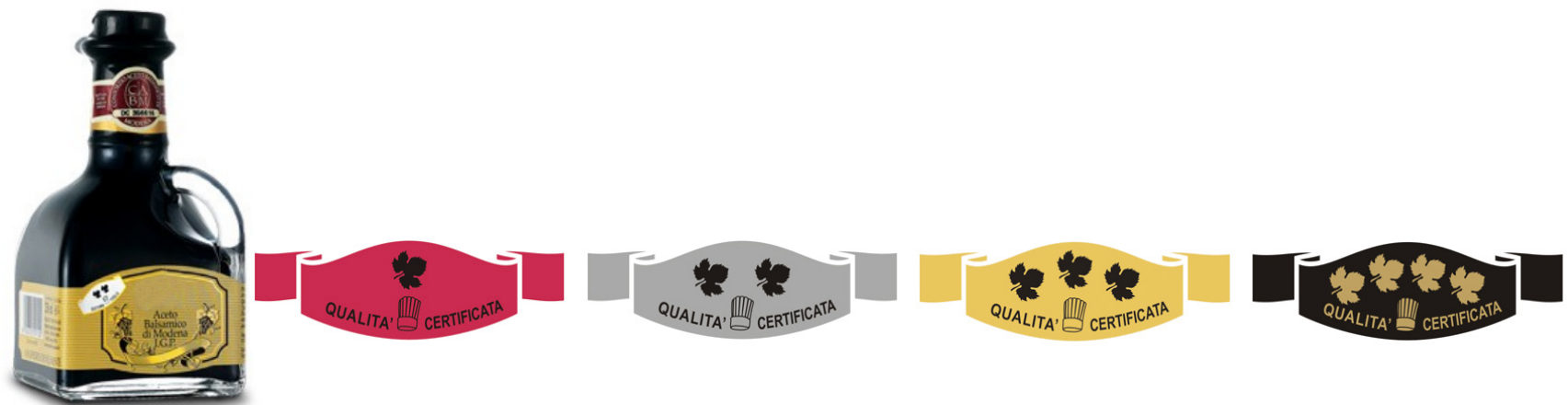


## FOCUS

# ACETO BALSAMICO DI MODENA PGI: "SISTEMA FOGLIE"

While the product specification establishes that only two categories of the product can be commercialized (Aceto Balsamico di Modena PGI and Aceto Balsamico di Modena PGI "Invecchiato"), many share the view that this single distinction on the label is not able to fully convey the qualitative variety that exists between the various products – as well as the difference in retail prices - including within the product ranges of a single company. For this reason, even before the PGI recognition in 2009, a group of producers commissioned a sensory study to identify precise distinguishability "ranges" for the product in the eyes of a typical consumer, identifying four distinct qualitative categories, which gave rise to the so-called "Sistema Foglie" (Leaf System). The "Sistema Foglie" is a classification system that creates clarity and transparency for the consumer and, for this reason, numerous compa-

nies that identify their products with the same shared symbols, ranging from one to four leaves, are part of the system. License to use the "Sistema Foglie" is only granted to the producers concerned, which only classify their Aceto Balsamico di Modena PGI with the symbol when there is a correspondence between laboratory analysis and organoleptic analysis by expert tasters, in accordance with the relative conformity profile: this process ensures that each producer uses the classification system properly. The leaf symbols give the consumer information on the sweetness, acidity and balance of the vinegar, with the producers using uniform communication. Any other information related to density, traditional production or other characteristics is not permitted on the label.





# GEOGRAPHICAL INDICATIONS

STRENGTHS | WEAKNESSES | OPPORTUNITIES | THREATS



SWOT

**GEOGRAPHICAL INDICATIONS**  
**STRENGTHS | WEAKNESSES | OPPORTUNITIES | THREATS**

**S**  
**STRENGTHS**

1. Distinctiveness of geographical origin
2. "Made in" reputation
3. Premium pricing
4. Consumer guarantee
5. Engaging LSRT and buyers
6. Shared investments for GIs
7. Promotion of the public system
8. "Natural" marketing levers
9. EU protection and International safeguarding
10. Lower costs for protection
11. Community funding

**W**  
**WEAKNESSES**

1. Procedure costs
2. Counterfeiting and imitation
3. No delocalisation
4. Immature markets

**O**  
**OPPORTUNITIES**

1. New consumer trends
2. New markets
3. Partnerships for promotion and protection
4. E-commerce protection
5. Co-branding
6. Tourism and multifunctionality
7. Lobbying
8. Bilateral agreements
9. New generation of consumers
10. Processed products

**T**  
**THREATS**

1. Regulatory constraints
2. Control of average quality
3. No commodity
4. "Analogous" trademarks
5. Shared image

# GEOGRAPHICAL INDICATIONS

## STRENGTHS

### 1. Distinctiveness of geographical origin

This distinguishes products with a clear geographic origin and high quality characteristics, offering a competitive advantage in the global market.



71% of European consumers want to know the Geographical Origin of the food they eat.

(Source European Commission- Europeans' attitudes towards food security, quality and countryside - 2012)



65% of America consumers say region or location is extremely or very important to them choosing which wine to buy, eight-in-ten (78%) say they always check the label to make sure the name on it reflects where the wine was made.

(Source Public Opinion Strategies - A Study Of American Wine Consumers - 2011)

### 2. "Made in" reputation

Beneficial results in terms of the reputation of the territory of origin's collective heritage.



In Italy, PDO PGI products represent 10% of the Food industry's total revenue and 21% of Made in Italy agri-food exports.

(Source Ismea-Qualivita - XIV Report on Italian agri-food and wine products - 2016)

### 3. Premium pricing

Permits the application of a premium price in respect to generic product.



69% of Italian consumers are willing to pay more for a certified PDO PGI product.

(Source GNRResearch - Conoscenza e percezione delle denominazioni di qualità - 2015)



60% of Italian companies with certified products believe that certification improves customer relations and increases revenue.

(Source Censis-Accredia - Certification and quality in agri-food supply chains - 2015)

### 4. Consumer guarantee

The control system valorises GI products by offering a third party guarantee on the origin of the product, production processes and qualitative characteristics.

### 5. Engaging LSR and buyers

Favours entry into large-scale retail and business with international buyers.



+7,2% sales of PDO PGI products in Large-scale Retail in Italy, in respect to +1,2% of total agri-food sales.

(Source Ismea-Qualivita - XIV Report on Italian agri-food and wine products - 2016)

### 6. Shared investments for GIs

Permits all GI producers to share the investment in reputation.

### 7. Promotion of the public system

This is part of the system's promotional actions.

### 8. "Natural" marketing levers

For the value system that it identifies, it represents a leverage that facilitates the promotion of products without requiring large investments.

### 9. EU protection and International safeguarding

Guarantees rapid and effective protection within the Community and protection in global markets, as provided for in international agreements.

### 10. Lower costs for protection

Lower costs for protection in respect to commercial trademarks.

### 11. Community funding

Offers the benefits of EU and national tools that promote commercialisation in markets.

SWOT

# GEOGRAPHICAL INDICATIONS

## WEAKNESSES

### 1. Process costs

This involves the use of resources to adapt production process to the control plan, in compliance with the product specification.

### 2. Counterfeiting and imitation

More prone to imitation, counterfeiting and deceptive competition in respect to trade marks, in proportion to reputation.

### 3. No delocalisation

Precise and obligatory definition of the production area.

### 4. Immature markets

It needs some time before its affirmation in the new markets and the recognition of the "added value" on the behalf of the new consumers.

# WWW

## SWOT

## GEOGRAPHICAL INDICATIONS

## OPPORTUNITIES

**1. New consumer trends**

As production is linked to the origin and a controlled and certified production process, there are marketing benefits in terms of consumer trends related to food quality, transparency, well-being and new lifestyles.

**2. New markets**

Facilitates the penetration of the value system of GI products into new "open" markets in terms of culture and knowledge and consumers' awareness of high quality products.

**3. Partnerships for promotion and protection**

Promotes partnerships with other stakeholders in the system for common promotion activities (directed towards consumers, buyers and distribution) and protection actions in the various countries (market controls and collaboration with local institutions).

**4. E-commerce protection**

Permits the development of highly effective protection and control systems in the growing Web market, with strong commercial advantages.

**5. Co-branding**

Permits the private company logo to be associated with the basic values of the GI system, as highlighted by several successful experiences.

**6. Tourism and multifunctionality**

Expands business opportunities in tourism and multifunctionality in companies.

**7. Lobbying**

Makes it possible to be positioned as privileged interlocutors with the institutional system, in that it is a sensitive political and social issue.

**8. Bilateral agreements**

Permits products to be at the centre of countries' commercial agendas in negotiations for bilateral agreements.

**9. New generation of consumers**

Promotes the dissemination of a food culture among young consumers through educational food activities related to the culture and values of the territory represented by GI products.

**10. Processed products**

Offers great opportunities to increase market shares as a distinctive ingredient for processed products, through management aimed at not trivialising the value by downgrading the GI product to a commodity product.



## SWOT

## GEOGRAPHICAL INDICATIONS

## THREATS

**1. Regulatory constraints**

The obligations of production processes are bound to the evolution of EU legislation, which assure the joining to the GIs protection and guarantee system.

**2. Control of average quality**

As there is a need, through the consortium's function, to control the average quality of all PDO and PGI production in order to intercept the premium consumers' segment - which is also the real GIs' target - in the global markets.

**3. No commodity**

Need to be governed in processed products partnerships, so as not to "trivialise the value" of the GI product and to avoid the risk of downgrading to a simple "commodity".

**4. "Analogous" trademark**

Subject to competition from "analogous trademarks" lawfully registered in Third countries, even if it takes advantage from the protection tools in order to affirm its original own quality in the market.

**5. Shared image**

Associates individual reputation with other individuals belonging to the system.



QUALIVITA®

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